Supreme Court, U.S.
FILED

95 115 JUL 20 1995

No._____

IN THE
SUPREME COURT OF THE UNITED STATES
OCTOBER TERM, 1995

CHECKERS DRIVE-IN RESTAURANTS, INC.,

Petitioner,

v.

COMMISSIONER OF PATENTS AND TRADEMARKS,

Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the District of Columbia Circuit

PETITION FOR WRIT OF CERTIORARI

William F. Herbert
STAAS & HALSEY
700 Eleventh Street, N.W.
Suite 500
Washington, D.C. 20001
(202) 434-1500

Counsel for Petitioner

89 pp

QUESTION PRESENTED FOR REVIEW

Does bankruptcy law automatically stay a federal trademark registrant's filing of an affidavit of current use of its mark in interstate commerce, when the registrant is seeking to cancel the debtor's registration for the mark in a Patent and Trademark Office *inter partes* proceeding?

STATEMENT REQUIRED BY RULE 29.1

Checkers Drive-In Restaurants, Inc. has no parent or subsidiaries.

TABLE OF CONTENTS

Page

QUESTION PRESENTED FOR REVIEW i

STATEMENT REQUIRED BY RULE 29.1 ii

TABLE OF AUTHORITIES iv

OPINIONS BELOW 1

JURISDICTION 2

STATUTORY PROVISIONS INVOLVED 2

STATEMENT OF THE CASE 4

SUMMARY OF ARGUMENT 7

REASONS FOR GRANTING THE WRIT 8

CONCLUSION 19

TABLE OF AUTHORITIES

CASES: **PAGE**

Assoc. of St. Croix Condominium Owners v. St. Croix Hotel Corp., 682 F.2d 446 (3d Cir. 1982) 12

Carley Capital Group v. Fireman's Fund Ins. Co., 889 F.2d 1126 (D.C. Cir. 1989) (*per curiam*) 12

Cathey v. Johns-Manville Sales Corp., 711 F.2d 60 (6th Cir. 1983) 12

Commerzanstalt v. Telewide Systems, Inc., 790 F.2d 206 (2d Cir. 1986) 12

Freeman v. Commissioner of Internal Revenue, 799 F.2d 1091 (5th Cir. 1986) 12

Ingersoll-Rand Financial Corp. v. Miller Mining Co., 871 F.2d 1424 (9th Cir. 1987) 12

In re Bond Enterprises, Inc., 54 B.R. 366 (Bankr. D.N.M. 1985) 10

In re Chaseley's Foods, Inc., 30 B.R. 452 (Bankr. N.D. Ind. 1983), *aff'd as modified*, 726 F.2d 303 (7th Cir. 1983) . 9, 18

In re Funding System Asset Management Group, 38 B.R. 351 (Bankr. W.D. Pa. 1984) 10

In re Morton, 866 F.2d 561 (2d Cir. 1989) . . . 9, 10, 13

In re Paul, 67 B.R. 342 (Bankr. D. Mass. 1986) 10, 14

In re Pernie Bailey Drilling Co., Inc., 131 B.R. 53 (Bankr. W.D. La. 1991), *aff'd* 157 B.R. 100 (W.D. La. 1992), *aff'd*, 993 F.2d 67 (5th Cir. 1993) 14

In re Pernie Bailey Drilling Co., Inc., 993 F.2d 67 (5th Cir. 1993) 8

In re Thomasson, 66 B.R. 503 (Bankr. W.D. Mo. 1986) 10, 14

Martin-Trigona v. Champion Fed. Sav. and Loan Assoc., 892 F.2d 575 (7th Cir. 1989) 12

Midlantic Nat'l Bank v. New Jersey Dept. of Envtl. Protection, 474 U.S. 494 (1986) 12

Pope v. Manville Forest Products Corp., 778 F.2d 239 (5th Cir. 1985) 9

United States v. Inslaw, Inc., 932 F.2d 1467 (D.C. Cir. 1991), *cert. denied*, 112 S. Ct. 913 (1992) 17

STATUTES:

11 U.S.C. § 108(c) 6

11 U.S.C. § 362 . . . . . 6, 7, 12

11 U.S.C. § 362(a) 4, 6, 8, 9, 10, 11, 13, 16

11 U.S.C. § 362(a)(1) 2, 8, 10, 12, 13, 15

11 U.S.C. § 362(a)(3) 2, 8, 10, 12, 15

11 U.S.C. § 362(a)(4) 9

11 U.S.C. § 1101 et seq. 4

15 U.S.C. § 1058(a) 2, 3, 5-10, 12-15, 17

15 U.S.C. § 1064 4

15 U.S.C. § 1071(b) 6

15 U.S.C. § 1121 7

28 U.S.C. § 1254(1) 2

28 U.S.C. § 1291 7

MISCELLANEOUS:

Richard Lieb, *The Interface of Trademark and Bankruptcy Law*, 78 TRADEMARK REP. 307 (1988). 16

S. REP. No. 989 at 49, *reprinted in* 1978 U.S.C.C.A.N. 5835; 11

H.R. REP. No. 595 at 340, *reprinted in* 1978 U.S.C.C.A.N. 6297 11

S. REP. No. 989, 95th Cong., 2d Sess. 54 (1978), *reprinted in* 1978 U.S.C.C.A.N. 5787, 5840; 11

H.R. REP. No. 595, 95th Cong., 2d Sess. 340 (1977), *reprinted in* 1978 U.S.C.C.A.N. 5963, 6296 11

S. REP. No. 989 at 54-55, *reprinted in* 1978 U.S.C.C.A.N. 5840-41; 11

H.R. REP. No. 595 at *340, reprinted in* 1978 U.S.C.C.A.N. 6296-97. 11

2 COLLIER ON BANKRUPTCY ¶ 362.04 (Lawrence P. King ed., 15th ed. 1994) 11

No._____

IN THE
SUPREME COURT OF THE UNITED STATES
OCTOBER TERM, 1995

CHECKERS DRIVE-IN RESTAURANTS, INC.,

Petitioner,

v.

COMMISSIONER OF PATENTS AND TRADEMARKS,

Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the District of Columbia Circuit

---

PETITION FOR WRIT OF CERTIORARI

OPINIONS BELOW

The appendix to this petition ("Pet. App.") includes the judgment of the United States Court of Appeals for the District of Columbia Circuit (Pet. App. 1a-2a), the related opinion of the D.C. Circuit (Pet. App. 3a-23a), reported at 51 F.3d 1078, 34 U.S.P.Q.2d 1574, affirming the District

Court's Order and Memorandum Opinion (Pet. App. 24a-50a) granting the Commissioner of Patent and Trademarks' motion for summary judgment, as well as the Commissioner's opinion (Pet. App. 51a-61a) refusing to accept petitioner's section 8 affidavit under 15 U.S.C. § 1058(a).

JURISDICTION

The Court of Appeals for the District of Columbia Circuit entered its judgment on April 21, 1995 (Pet. App. 1a-2a). This Court's jurisdiction is timely invoked pursuant to 28 U.S.C. § 1254(l).

STATUTORY PROVISIONS INVOLVED

11 U.S.C. § 362 (a)(1), (a)(3):

> (a) Except as provided in subsection (b) of this section, a petition filed under section 301, 302, or 303 of this title operates as a stay, applicable to all entitles, of-
>
> (1) the commencement or continuation, including the issuance or employment of a process, of a judicial, administrative, or other proceeding against the debtor that was or could have been commenced before the commencement of the case under this title, or to recover a claim against the debtor that arose before the commencement of the case under this title.

(3) any act to obtain possession of property of the estate or of property from the estate or to exercise control over property of the estate.

15 U.S.C. § 1058(a):

Each certificate of registration shall remain in force for ten years: *Provided,*

That the registration of any mark under the provisions of this chapter shall be canceled by the Commissioner at the end of six years following its date, unless within one year next proceeding the expiration of such six years the registrant shall file in the Patent and Trademark Office an affidavit setting forth those goods or services recited in the registration or in connection with which the mark is in use in commerce and attaching to the affidavit a specimen or facsimile showing current use of the mark, or showing that any nonuse is due to special circumstances which excuse such nonuse is not due to any intention to abandon the mark. Special notice of the requirement for such affidavit shall be attached to each certificate of registration.

STATEMENT OF THE CASE

Petitioner owns the mark "Checkers" for use with restaurant services. Petitioner's mark was federally registered pursuant to the Trademark Act on October 23, 1984.

On March 16, 1988, another service mark registrant, Checkers Restaurant Group, Inc. ("debtor"), requested the Trademark Trial and Appeal Board ("TTAB") of the U.S. Patent and Trademark Office ("PTO") to cancel petitioner's registration pursuant to 15 U.S.C. § 1064 (1988), which provides for the filing of such a cancellation petition "by any person who believes that he is or will be damaged by the registration of a mark on the principle register." In support of its request, debtor argued that petitioner's registration interfered with debtor's federally guaranteed right to use its service mark "in other than its existing geographic area." (Pet. App. 8a). Petitioner answered and counterclaimed, seeking to cancel debtor's own "Checkers" service mark federal registration on essentially identical grounds. Thus began the *inter partes* cancellation proceedings before the TTAB to determine the federal registration rights in the "Checkers" service mark.

In August, 1989, before these claims could be resolved in the PTO *inter partes* cancellation proceedings, debtor filed a petition for relief under Chapter 11 of the federal Bankruptcy Code, 11 U.S.C. § 1101 *et seq.* (1988 & Supp. V 1993), in the United States Bankruptcy Court for the Eastern District of New York. In doing so, debtor triggered the application of the automatic stay provision, 11 U.S.C. §

362(a), which provides that the filing of a bankruptcy petition "operates as a stay, applicable to all entities, ... the continuation of ... [an] administrative proceeding [or] any act... to exercise control over the property of the [bankrupt's] estate." Accordingly, on January 8, 1990, debtor moved the TTAB to stay all cross-cancellation proceedings instituted by itself and petitioner, citing the bankruptcy automatic stay statute. The TTAB responded on February 16, 1990, with an order staying the entire *inter partes* cancellation proceedings. *Checkers Restaurant Group, Inc. v. Checkers of North America, Inc.*, Cancellation No. 17,053, slip op. at 1 (April 23, 1992), *reprinted at* Pet. App. 52a.

Petitioner and debtor then negotiated a settlement agreement by which debtor transferred ownership rights for the "Checkers" mark, including in particular the federal rights, to petitioner in exchange for certain money payments to the debtor's estate. Petitioner granted debtor a limited license to use the "Checkers" service mark rights, but only at debtor's two existing restaurants in New York City. On November 30, 1990, the Bankruptcy Court approved this settlement and issued its order. Accordingly, on December 19, 1990, petitioner and debtor moved the TTAB to lift the administrative stay it had imposed on the cancellation proceedings, to dismiss those cancellation proceedings as moot based on the bankruptcy court-approved settlement agreement and court order, and to accept a concurrently filed affidavit under 15 U.S.C. § 1058(a) ("Section 8 affidavit") related to the current use of petitioner's registered mark. The TTAB dismissed the parties' federal registration cancellation proceedings with prejudice, and forwarded

petitioner's section 8 affidavit to the PTO Post-Registration Section for consideration. The PTO Post-Registration Section rejected petitioner's section 8 affidavit as untimely, and indicated it would cancel petitioner's service mark registration.

Petitioner sought relief from the Commissioner of Patent and Trademarks ("Commissioner") on the grounds that the automatic stay imposed by 11 U.S.C. § 362(a) stayed petitioner's filing a section 8 affidavit during the pendency of the *inter partes* cancellation proceedings with the debtor because such a filing would have continued administrative proceedings against the debtor and/or would have constituted an act affecting property (i.e., service mark rights) of the debtor. Once the stay was lifted, however, petitioner's section 8 affidavit was filed pursuant to 11 U.S.C. § 108(c) (1988), which extends periods fixed by non-bankruptcy law until 30 days after an automatic stay is terminated, if the period fixed by nonbankruptcy law had already run. The Commissioner has not disputed the timely filing of the section 8 affidavit if 11 U.S.C. §362(a) stayed the affidavit filing. The Commissioner, however, rejected petitioner's position, claiming that the automatic stay provisions of §362 did not apply and the section 8 affidavit would not have exercised control over the debtor's property or furthered any claim against the debtor. *In re Trademark Registration of Checkers of North America, Inc.*, No. 91-272, slip op. at 3 (April 23, 1992), *reprinted at* Pet. App. 54a.

Petitioner sought judicial review of the Commissioner's decision by filing suit in the District Court for the District of Columbia Circuit pursuant to 15 U.S.C. § 1071(b). On

January 7, 1994, the District Court granted summary judgment for the Commissioner, holding that the Bankruptcy Code did not stay petitioner's section 8 affidavit filing. *Checkers Drive-In Restaurants, Inc., v. Commissioner of Patents and Trademarks*, Civ. Action No. 93-1024-TFH, slip op. at 21-22 (D.D.C. Jan. 7, 1994), *reprinted at* Pet. App. 50a.

Petitioner then sought judicial review of the District court decision by appealing to the Court of Appeals for the District of Columbia Circuit pursuant to 28 U.S.C. § 1291 and 15 U.S.C. § 1121. The Court of Appeals affirmed the District Court. *Checkers Drive-In Restaurants, Inc., v. Commissioner of Patents and Trademarks*, Appeal No. 94-5027 (D.C. Cir. April 21, 1995), *reprinted at* Pet. App. 3a-23a.

SUMMARY OF ARGUMENT

Section 362 of the federal bankruptcy law provides for the automatic stay of actions which continue administrative proceedings against a debtor or actions which affect a debtor's property. The legislative history of the statute, and subsequent court decisions counsel that this stay should be interpreted broadly so as to effectuate the stay's purpose of protecting debtors as well as creditors.

Although the bankruptcy stay is to be interpreted broadly, there is confusion in the Circuits as to how far and to what the stay actually extends. Settling this confusion would provide guidance to those who are involved in trademark (and other analogous) proceedings with debtors,

and where actions are required for maintaining or affecting property to which there is a dispute over ownership.

In the present case, an administrative trademark cancellation proceeding was brought by petitioner *against the debtor*. Filing a section 8 affidavit by petitioner during this proceeding would have continued this administrative action against the debtor under section 362(a)(1), and/or would have exercised control over the debtor's property under section 362(a)(3). As such, filing a section 8 affidavit in this case is stayed by § 362(a)(1) and/or § 362(a)(3).

REASONS FOR GRANTING THE WRIT

At the district court level, conflicting decisions exist in the circuits regarding the scope of the bankruptcy law stay provisions, and the need for guidance from this Court is acute. This case is a timely and a rare opportunity to provide that guidance, since few of the district court decisions have received appellate review. Moreover, the Circuit Court decision below in this case is erroneous, and the issue that it addresses is important.

I. The D.C. and Second Circuit Court of Appeals' Interpretation of 11 U.S.C. § 362(a) Conflicts with the Fifth and Seventh Circuit's Interpretation and Aggravates the Existing Authority in the District Courts

In *In re Pernie Bailey Drilling Co., Inc.*, 993 F.2d 67 (5th Cir. 1993), the Fifth Circuit upheld a district court's decision that the automatic bankruptcy stay relieves a

creditor from the requirement of reinscription so long as the automatic stay is in effect under section 362(a). In *Pope v. Manville Forest Products Corp.*, 778 F.2d 239 (5th Cir. 1985), the Fifth Circuit also held that the automatic bankruptcy stay even prohibited a District Court *sua sponte* from dismissing a creditor's action against a debtor on the grounds of *res judicata*.

The Seventh Circuit has similarly held that the inception of federal bankruptcy proceedings exempts a creditor from a state law requirement to file a continuation statement to renew a financing statement reflecting a security interest in the assets of the debtor. *In re Chaseley's Foods, Inc.*, 30 B.R. 452 (Bankr. N.D. Ind. 1983), *aff'd as modified*, 726 F.2d 303 (7th Cir. 1983).

The Second Circuit, has held in *In re Morton*, 866 F.2d 561 (2d Cir. 1989), that the automatic bankruptcy stay did not prohibit extending statutory liens.

As noted above, the D.C. Circuit decision below has held that the automatic bankruptcy stay did not effect the filing of petitioner's section 8 affidavit.[1]

---

[1] The court of appeals and the district court below likened the filing of a section 8 affidavit to actions taken to continue a lien on the debtor's property, and applying *In re Morton* held that the section 8 affidavit filing was not stayed. *In re Morton* is believed inapposite because it was decided under § 362(a)(4) which only stays acts to "enforce" liens and not to "continue" liens. Moreover, the present case does not involve liens, but involved an *inter partes* administrative cancellation action before the PTO.

The following district court decisions contradict *In re Morton* by holding that certain acts to renew valid pre-petition liens are stayed by the bankruptcy act: *In re Funding System Asset Management Group*, 38 B.R. 351 (Bankr. W.D. Pa. 1984) (holding that the filing of a bankruptcy proceeding during the effective period in which the creditor had to file a financing statement, relieves the secured creditor from filing a continuation statement); *In re Bond Enterprises, Inc.*, 54 B.R. 366 (Bankr. D.N.M. 1985) (holding that the filing of a continuation statement operates to continue the effectiveness of a perfected security interest, and as such violates the stay imposed by section 362(a) of the bankruptcy act); *In re Thomasson*, 66 B.R. 503 (Bankr. W.D. Mo. 1986) (holding that a judgment creditor was barred by the automatic stay from renewing a judgment lien); *In re Paul*, 67 B.R. 342 (Bankr. D. Mass. 1986) (holding that the filing of a bankruptcy petition tolled the six year period within which creditors had to renew their attachments in order to invest in debtor's real estate).

II. The Decision of the D.C. Court of Appeals is Erroneous

The D.C. Court of Appeals erred in holding that bankruptcy's broad automatic stay provision did not stay the filing of a section 8 affidavit while petitioner was pursuing its cancellation petition against the debtor and its federal service mark property rights in bankruptcy. As argued below, both section 362(a)(1) as well as section 362(a)(3) stayed the filing of a section 8 affidavit.

As properly noted by the Court of Appeals, Congress intended, in enacting the automatic bankruptcy stay, that it "is one of the fundamental debtor protections provided by the bankruptcy laws." S. REP. No. 989, 95th Cong., 2d Sess. 54 (1978), *reprinted in* 1978 U.S.C.C.A.N. 5787, 5840; H.R. REP. No. 595, 95th Cong., 2d Sess. 340 (1977), *reprinted in* 1978 U.S.C.C.A.N. 5963, 6296. It gives the debtor a breathing spell from his creditors. It stops all collection efforts, all harassment, and all foreclosure actions. It permits the debtor to attempt a repayment or reorganization plan, or simply to be relieved of the financial pressures that drove him into bankruptcy. S. REP. No. 989 at 54-55, *reprinted in* 1978 U.S.C.C.A.N. 5840-41; H.R. REP. No. 595 at *340, reprinted in* 1978 U.S.C.C.A.N. 6296-97.

The Court of Appeals also noted that Congress intended for the automatic stay to provide protection for creditors. Without it, certain creditors would be able to pursue their own remedies against the debtor's property. Those who acted first would obtain payment of the claims in preference to and to the detriment of other creditors. Bankruptcy is designed to provide an orderly liquidation procedure under which all creditors are treated equally. A race of diligence by creditors for the debtor's assets prevents that. S. REP. No. 989 at 49, *reprinted in* 1978 U.S.C.C.A.N. 5835; H.R. REP. No. 595 at 340, *reprinted in* 1978 U.S.C.C.A.N. 6297.

Section 362(a) must be construed broadly in order to properly effectuate Congress' above-mentioned purpose. *See* 2 COLLIER ON BANKRUPTCY ¶ 362.04 (Lawrence P.

King ed., 15th ed. 1994) ("The stay of section 362 is extremely broad in scope and... should apply to almost any type of formal or informal action *against the debtor* or the property of the estate."); *see also Midlantic Nat'l Bank v. New Jersey Dept. of Envtl. Protection*, 474 U.S. 494, 504 (1986). The breadth of the automatic stay, however, is not unlimited. Courts have held that although the automatic stay blocks many legal actions against the debtor, it does not similarly bar claims brought by the debtor against other parties. *See Carley Capital Group v. Fireman's Fund Ins. Co.*, 889 F.2d 1126, 1127 (D.C. Cir. 1989) (*per curiam*); *Martin-Trigona v. Champion Fed. Sav. and Loan Assoc.*, 892 F.2d 575 (7th Cir. 1989); *Ingersoll-Rand Financial Corp. v. Miller Mining Co.*, 871 F.2d 1424 (9th Cir. 1987); *Freeman v. Commissioner of Internal Revenue*, 799 F.2d 1091 (5th Cir. 1986); *Commerzanstalt v. Telewide Systems, Inc.*, 790 F.2d 206 (2d Cir. 1986); *Assoc. of St. Croix Condominium Owners v. St. Croix Hotel Corp.*, 682 F.2d 446 (3d Cir. 1982); *Cathey v. Johns-Manville Sales Corp.*, 711 F.2d 60 (6th Cir. 1983).

Unlike the above-cited cases, where the sole pre-bankruptcy petition action was initiated by the debtor, this case involves a counter-claim cancellation administrative proceeding brought by petitioner *against the debtor.* Filing a section 8 affidavit would continue this administrative action against the debtor under section 362(a)(1), and/or would exercise control over the debtor's property under section 362(a)(3). As such, filing a section 8 affidavit in this case was stayed by § 362(a)(1) and/or § 362(a)(3).

A. Section 362(a)(1) Stayed the Filing of The Section 8 Affidavit

The automatic bankruptcy stay of §362(a)(1) stayed petitioner's filing a section 8 affidavit because filing such an affidavit would have continued a pre-petition claim against the debtor. At the time that the debtor filed for bankruptcy, petitioner and debtor were both attempting to cancel each other's federal registration to the "Checkers" mark. The underlying theory of this cancellation was that each owner's registration was the only valid existing registration for the "Checkers" mark and that the other should accordingly be cancelled. The existence of petitioner's registration for the "Checkers" mark, formed the basis for this *administrative cancellation proceeding, against the debtor.* This federal registration was one of petitioner's claims against the debtor. Accordingly, filing a section 8 affidavit to maintain petitioner's federal registration would continue a central claim in the underlying cancellation proceeding against the debtor and therefore was stayed by section 362(a)(1).

The Court of Appeals asserted that petitioner's filing of a section 8 affidavit would constitute no part of the claim against the debtor. Pet App. 15a-16a. The Court cites *In re Morton* which stands for the proposition that operation of state law requiring a lien holder to renew the lien in state court was not stayed by section 362(a) because it would merely maintain the status quo. *In re Morton*, however, is inapposite because of the differences between a federal registration in an *inter partes* cancellation proceeding and the lien in *In re Morton*. The *Morton* lien merely preserved an interest in property which, as the court correctly noted,

preserved the status quo. A federal registration in a cancellation proceeding, however, forms the basis of an important claim against the debtor, that is, that the debtor's federal registration is invalid in light of the presence of the petitioner's prior issued federal registration evidencing an earlier date of first use.

The Court of Appeals further distinguishes the following cases cited by petitioner that hold that the automatic stay barred filings required to revive a pre-petition judgment lien, *In re Thomasson*, 66 B.R. 503, 505 (Bankr. W.D. Mo. 1986), to reinscribe a notice of assignment of the debtor's accounts receivable, *In re Pernie Bailey Drilling Co., Inc.*, 131 B.R. 53, 59 (Bankr. W.D. La. 1991), *aff'd*, 157 B.R. 100 (W.D. La. 1992), *aff'd*, 993 F.2d 67 (5th Cir. 1993), and to extend an attachment of the debtor's property, *In re Paul*, 67 B.R. 342, 346-47 (Bankr. D. Mass. 1986). The court distinguishes these cases on the theory that "each [case] involved a filing necessary to renew a legal action - be it a lien, an assignment of assets, or an attachment of property - operating directly *against the debtor.*" Pet. App. 17a. The court erroneously states that petitioner"s "section 8 filing would have operated not to ... sustain its cancellation petition against CRG - the action *against the debtor.*" Pet. App. 17a. However, the court then admits that petitioner's filing of a section 8 affidavit "could . . . be necessary to the maintenance of part of Checker's cancellation petition against CRG." Pet. App. 17a-18a. The court, therefore, contradicts itself in holding that petitioner's filing of a section 8 affidavit would not continue an administrative proceeding against the debtor, yet at the same time conceding that filing the section 8 affidavit would "be deemed necessary to the maintenance

of ... Checker's cancellation petition against CRG." Pet. App. 17a-18a.

Because the filing of a section 8 affidavit would have continued a significant ground underlying the cancellation proceeding against the debtor, the Court of Appeals erred in holding that §362(a)(1) did not stay the section 8 affidavit filing.

B. Section 362(a)(3) Stayed the Filing of the Section 8 Affidavit

The Court of Appeals erred in holding that Section 362(a)(3), which stays acts to exercise control over a debtor's property, did not stay petitioner's filing a Section 8 affidavit. Because both petitioner and debtor were involved in cross cancellation proceedings, each was attempting to cancel the other's federal registration to the "Checkers" mark. Both petitioner and debtor claimed that the other's federal registration was invalid by virtue of the validity of their own registration. Each argued that they were the first, true owners of the "Checkers" mark because only one valid registration could exist for the "Checkers" mark, and any marks registered subsequent to the first would be invalid. Therefore, the existence of what each party considered to be a valid registration served as the basis for their claim that the other party's registration was invalid. As such, any actions to maintain and preserve their federal registration would effect the other's property. Filing a section 8 affidavit would continue petitioner's federal registration, and therefore would effect the debtor's property.

The Court of Appeals incorrectly characterized the nature of federal trademark registrations. While the Court of Appeals correctly noted that federal registration constitutes *prima facie* evidence of the registrant's exclusive right to use the registered mark in commerce, the court failed to recognize that only one valid federal right could exist between these two registrations. The underlying cancellation petitions were instituted by each party to determine which party's registration was valid for the one contested federal service mark right. As such, we are presented with a "zero sum game" situation where any action by either party to maintain their federal registration would be to the direct detriment of the other party.

III. The Question Presented is Important

The operation of the Bankruptcy Code has an important impact on whether administrative proceedings before the PTO may be commenced or continue and to what extent, against a Chapter 11 debtor. Proceedings of this type, including a patent interference or trademark opposition or cancellation proceeding, may significantly affect a debtor's statutory, property, or contract rights.[2] Consequently, the automatic stay imposed by section 362(a) of the Bankruptcy Code operates to preclude the commencement or continuation of such administrative proceedings against a debtor and the debtor's property.

---

[2] Richard Lieb, *The Interface of Trademark and Bankruptcy Law*, 78 TRADEMARK REP. 307, 342 (1988).

While cancellation proceedings themselves certainly fall within the ambit of the automatic bankruptcy stay, it is important to define actions taken within cancellation proceedings that will affect the debtor's property or serve to continue adversary proceedings against the debtor. Filing a Section 8 affidavit is one such procedure that could directly affect the outcome of cancellation proceedings. Thus, the question of whether acts taken in the underlying proceeding, like filing a section 8 affidavit fall under the automatic bankruptcy stay, are important because they may detrimentally effect a debtor in bankruptcy. This violates the purpose of the automatic stay, which is to protect both the debtors and creditors during the liquidation or reorganization of debtor's assets. This Court needs to define acts as prohibited where they run contrary to the purposes of the bankruptcy act, as is the case here.

Moreover, intervention is needed from this Court to define the reach of concurrent federal trademark law where federal bankruptcy law is in effect. The Court of Appeals cites *United States v. Inslaw, Inc.*, 932 F.2d 146 (D.C. Cir. 1991), *cert. denied*, 112 S. Ct. 913 (1992), for the proposition that interpreting the automatic stay to prohibit the filing of a section 8 affidavit could impermissibly extend the jurisdiction of non-Article III bankruptcy courts. However, the actions involved in *Inslaw* differ and the "jurisdiction extension" issue is not relevant to this case. Moreover, staying the filing of a section 8 affidavit is consistent with both federal schemes. By prohibiting all acts in the underlying trademark action, the bankruptcy court is, in fact, putting off the underlying trademark determination until after the bankruptcy court has settled the debtor's assets. The

Court of Appeals decision in this case interferes with the bankruptcy court's job to supervise all of the debtor's assets. *See also In re Chaseley's Foods, Inc.*, 30 B.R. 452, 456 (Bankr. N.D. Ind. 1983), *aff'd as modified*, 726 F.2d 303 (7th Cir. 1983). The "Checkers" federal mark property rights in fact were being contemporaneously resolved through the bankruptcy court-approved settlement and license agreements. This Court's action is needed to reconcile the interplay between these two statutes.

CONCLUSION

This Court should grant *certiorari*.

Respectfully submitted,

William H. Herbert
STAAS & HALSEY
Suite 500
700 - Eleventh St., N.W.
Washington, D.C. 20001
(202) 434-1500

Counsel for Petitioner

Dated: July 19, 1995

APPENDIX

APPENDIX

UNITED STATES COURT OF APPEALS
FOR THE DISTRICT OF COLUMBIA CIRCUIT

No. 94-5027 SEPTEMBER Term, 1994

USDC CV-93-1024

CHECKERS DRIVE-IN RESTAURANTS, INC.
Appellant

v.

COMMISSIONER OF PATENTS AND TRADEMARKS,
Appellee

APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF COLUMBIA

BEFORE: **Edwards**, Chief Judge; **Henderson** and **Rogers**, Circuit Judges

JUDGMENT

This cause came on to be heard on the record on appeal from the United States District Court for the District of Columbia and was argued by counsel. On consideration thereof, it is

ORDERED and **ADJUDGED**, by the Court, that the judgment of the District Court appealed from in this cause is hereby affirmed, in accordance with the opinion for the court filed herein this date.

Per Curiam
FOR THE COURT:
Mark J. Langer, Clerk

By: /s/ Robert A. Bonner
Robert A. Bonner
Deputy Clerk

Date: April 21, 1995

Opinion for the Court filed by Chief Judge Edwards.

UNITED STATES COURT OF APPEALS
FOR THE DISTRICT OF COLUMBIA CIRCUIT

Argued February 17, 1995 Decided April 21, 1995

94-5027

CHECKERS DRIVE-IN RESTAURANTS, INC.,
APPELLANT

v.

COMMISSIONER OF PATENTS & TRADEMARKS,
APPELLEE

On Appeal from the United States District Court
for the District of Columbia
(No. 93cv01024)

David M. Pitcher argued the cause and filed the briefs for appellant.

Nancy C. Slutter, Associate Solicitor, U.S. Patent and Trademark Office, argued the cause for appellee. With her on the brief was *Albin F. Drost*, Deputy Solicitor, U.S. Patent and Trademark Office. *Fred E. McKelvey* entered an appearance.

Before: EDWARDS, Chief Judge, HENDERSON and ROGERS, Circuit Judges.

Opinion for the Court filed by Chief Judge EDWARDS.

EDWARDS, Chief Judge: This appeal concerns the scope of the automatic stay provision under the Bankruptcy Code. This provision, which is found at 11 U.S.C. § 362(a) (1988), generally operates to block legal actions that could affect the property of a debtor in bankruptcy, and it serves both to shelter the debtor from harassment and to prevent creditors from engaging in a race to liquidate the estate's assets.

Appellant, Checkers Drive-In Restaurants, Inc., ("Checkers"), claims the automatic stay barred it from filing an affidavit as normally required to maintain its federal service mark registration pursuant to section 8 of the Lanham Trademark Act, 15 U.S.C. § 1058 (1988) ("Lanham Act"). Under section 8 of the Lanham Act, a service mark registration is canceled at the end of six years following the date of registration, unless the registrant files an affidavit (between the fifth and sixth years) setting forth his or her current use of the mark. Id. Checkers's section 8 filing came due while it was pursuing a petition to cancel a competing service mark registration of a debtor in bankruptcy. Checkers failed to file the required affidavit during the statutory period, allegedly on the assumption that the Bankruptcy Code's automatic stay provision barred the required filing. The United States Patent and Trademark Office then canceled Checkers's service mark registration.

Checkers appealed to the Commissioner of Patents and Trademarks ("Commissioner"), arguing that, because the automatic stay barred it from filing the affidavit, its failure to do so did not warrant the cancellation of its service mark registration under the Lanham Act. Rejecting this reasoning, the Commissioner denied Checkers's appeal. When Checkers challenged this decision in the District Court, the trial judge granted the Commissioner's motion for summary judgment. Checkers now appeals from that decision.

We affirm the judgment of the District Court. Although the Bankruptcy Code's automatic stay provision is broad in scope, it does not reach as far as Checkers would stretch it here. Checkers asserts that the section 8 filing requirement was stayed by operation of either of two subsections of the automatic stay provision. The first stays the continuation of any judicial, administrative, or other action against the debtor if the action was begun before the debtor filed its petition for bankruptcy. See 11 U.S.C. § 362(a)(1). The second stays any act to take possession of, or exercise control over, property held by the bankrupt's estate. See id. § 362(a)(3). We find neither to apply. Checkers's filing of a section 8 affidavit was not part of its claim against the debtor, nor would it have affected the debtor's property. Rather, it would have merely maintained the status quo with respect to Checkers's own property. Accordingly, we hold that the Commissioner properly canceled Checkers's registration.

I. BACKGROUND

This case arises from a dispute between two owners of federally registered service marks, both of which employed the word "Checkers" in their design.[1] Checkers owned, by assignment, a service mark for use in connection with its marketing of restaurant services. Checkers's mark was registered pursuant to the Lanham Act on October 23, 1984. By virtue of this registration, Checkers gained a number of benefits, for federal registration of a trademark or service mark constitutes "prima facie evidence of the validity of the registered mark and of the registration of the mark, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the [registration] certificate." 15 U.S.C. § 1057(b) (1988). Moreover, the Lanham Act provides registrants with the opportunity to recover treble damages for violations of their rights, *see* 15 U.S.C. § 1117(a) (1988), and, after five years of continuous use, permits registrants to

---

[1] The Lanham Act defines a service mark as "any word, name, symbol, or device, or any combination thereof... [used or intended to be used] to identify and distinguish the services of one person, including a unique service, from the services of others and to indicate the source of the services, even if that source is unknown." 15 U.S.C. § 1127 (1988).

By contrast, a trademark is "any word, name, symbol, or device, or any combination thereof... [used or intended to be used by a person] to identify and distinguish his or her goods, including a unique product, from those-manufactured or sold by others and to indicate the source of the goods, even if that source is unknown." *Id.*

make their rights "incontestible" -*i.e.*, to transform their registration into conclusive evidence of their rights-by filing an affidavit setting forth certain information, see *id.* §§ 1065, 1115(b) (1988).

However, section 8 of the Lanham Act provides that, to maintain these benefits, all registrants must file, between the fifth and sixth years after initial registration, an affidavit setting forth the continued use of the registered mark in commerce "on or in connection with" the goods or services listed in the registration statement for the mark, or providing an adequate explanation for nonuse of the mark. 15 U.S.C. § 1058(a). If a registrant fails to file the required affidavit, the Commissioner by law must cancel its registration at the end of the sixth year.[2] *Id.* Thus, Checkers was required to

---

[2] Section 8(a) of the Lanham Act states:

> Each certificate of registration shall remain in force for ten years: *Provided*, That the registration of any mark under the provisions of this chapter shall be canceled by the Commissioner at the end of six years following its date, unless within one year next preceding the expiration of such six years the registrant shall file in the Patent and Trademark Office an affidavit setting forth those goods or services recited in the registration on or in connection with which the mark is in use in commerce and attaching to the affidavit a specimen or facsimile showing current use of the mark, or showing that any nonuse is due to special circumstances which excuse such nonuse and is not due to any intention to abandon the mark.
>
> Special notice of the requirement for such affidavit shall be attached to each certificate of registration.

15 U.S.C. § 1058(a).

file its section 8 affidavit no later than October 23, 1990, to maintain the registration of its service mark.

On March 16, 1988, another service mark registrant, Checkers Restaurant Group, Inc., ("CRG"), petitioned the Trademark Trial and Appeal Board ("TTAB") to cancel Checkers's registration pursuant to 15 U.S.C. § 1064 (1988), which provides for the filing of such a cancellation petition "by any person who believes that he is or will be damaged by the registration of a mark on the principal register." In support of its petition, CRG argued, *inter alia*, that Checkers's registration interfered with CRG's federally guaranteed right to use its service mark "in other than its existing geographic area." Appendix for Appellant ("App.") 18. Checkers answered this cancellation petition and counterclaimed, seeking to cancel CRG's own service mark on essentially the same grounds.

In August 1989, before these competing cancellation claims could be resolved, CRG filed a petition for relief under Chapter 11 of the federal Bankruptcy Code, 11 U.S.C. § 1101 *et seq.* (1988 & Supp. V 1993), in the United States Bankruptcy Court for the Eastern District of New York. In so doing, CRG triggered the application of the automatic stay provision, 11 U.S.C. § 362(a), which provides that the filing of a bankruptcy petition "operates as a stay, applicable to all entities," of eight different categories of conduct encompassing a wide swath of legal actions, including litigation, lien enforcement, and administrative proceedings, that could affect or interfere with the property of the bankrupt's estate. Accordingly, on January 8, 1990, CRG petitioned the TTAB to stay all proceedings relating to the

cross-cancellation petitions filed by itself and Checkers. The TTAB responded on February 16, 1990, with an order staying the cancellation proceeding "since petitioner's registration is the subject of a counterclaim." *Checkers Restaurant Group, Inc. v. Checkers of North America, Inc.*, Cancellation No. 17,053, slip op. at 1-2 (Feb. 16, 1990), *reprinted in* App. 31-32.

Checkers and CRG then negotiated a settlement agreement by which CRG transferred all rights to its service mark to Checkers in exchange for $42,500, and Checkers granted CRG a license to use its service mark at CRG's two existing restaurants in New York City. On November 30, 1990, the Bankruptcy Court approved this settlement. Accordingly, on December 19, 1990, Checkers moved the TTAB to lift the stay it had imposed on the cancellation proceedings, dismiss those proceedings as moot, and accept a section 8 affidavit filed concurrently. In response, the TTAB dismissed the parties' cancellation petitions with prejudice, and forwarded Checkers's section 8 affidavit to the Post-Registration Section of the Patent and Trademark Office for consideration.

However, because Checkers filed the affidavit after October 23, 1990, that Office's Affidavit/Renewal Examiner rejected it as untimely and canceled Checkers's service mark registration. Checkers sought relief from the Commissioner, arguing that the automatic stay imposed by 11 U.S.C. § 362(a) prevented it from filing a section 8 affidavit during the pendency of the cancellation proceedings, and that, after the stay was lifted, its section 8 affidavit was timely filed pursuant to 11 U.S.C. § 108(c) (1988), which extends

periods fixed by nonbankruptcy law "for commencing or continuing a civil action in a court other than a bankruptcy court on a claim against the debtor" until 30 days after a stay is terminated, if the period fixed by nonbankruptcy law already has run.[3] The Commissioner rejected Checkers's argument, reasoning

> that this petitioner was not the party in bankruptcy and the filing of a Section 8 affidavit in relation to its [service mark registration] would not have been an exercise of control over a debtor in bankruptcy nor would it have furthered any claim against the debtor. The Section 8 filing would have

---

[3] Section 108(c) provides, in relevant part:

> [I]f applicable nonbankruptcy law, an order entered in a no bankruptcy proceeding, or an agreement fixes a period commencing or continuing a civil action in a court other than bankruptcy court on a claim against the debtor, . .. and such period has not expired before the date of the filing of petition, then such period does not expire until the later of-
>
> (1) the end of such period, including any suspension of such period occurring on or after the commencement of the case; or
>
> (2) 30 days after notice of the termination or expiration of the stay under section 362 ... of this title ... with respect to such claim.

11 U.S.C. § 108(c).

> spoken only to the petitioner's own continued use of its own registration.

In re Trademark Registration of Checkers of North America, Inc., No. 91-272(R), slip op. at 3 (Feb. 11, 1993) (footnote omitted), *reprinted in* App. 129. Checkers sought judicial review of the Commissioner's decision by filing suit in the District Court. On January 7, 1994, the District Court granted summary judgment for the Commissioner, holding that the Bankruptcy Code did not stay Checkers's obligation to file a timely section 8 affidavit. *See Checkers Drive-In Restaurants, Inc. v. Commissioner of Patents and Trademarks*, Civ. Action No. 93-1024-TFH, slip op. at 12-21 (D.D.C. Jan. 7, 1994), *reprinted in* App. 219-28.[4]

II. ANALYSIS

On appeal, Checkers claims the District Court erred in rejecting its argument that the automatic stay provision blocked the filing of a section 8 affidavit while Checkers was pursuing its cancellation petition against a debtor in bankruptcy. Specifically, Checkers claims that either of two subsections of the automatic stay provision operated to bar the required filing. The first stays "the commencement or continuation, including the issuance or employment of process, of a judicial, administrative, or other action or proceeding against the debtor that was or could have been commenced before the commencement of the" bankruptcy. 11 U.S.C. §

---

[4] Meanwhile, Checkers obtained a new service mark from the Commissioner that is only slightly different from its previous mark.

362(a)(1). The second stays "any act to obtain possession of property of the estate or of property from the estate or to exercise control over property of the estate." Id. § 362(a)(3). We review *de novo* the District Court's grant of summary judgment on this issue. *See Harbor Ins. Co. v. Stokes*, 45 F.3d 499, 501 (D.C. Cir. 1995).

In the words of the Congress that enacted it, the automatic stay imposed by 11 U.S.C. § 362(a) "is one of the fundamental debtor protections provided by the bankruptcy laws." S. REP. No. 989, 95th Cong., 2d Sess. 54 (1978), reprinted in 1978 U.S.C.C.A.N. 5787, 5840; H.R. REP. No. 595, 95th Cong., 2d Sess. 340 (1977), reprinted in 1978 U.S.C.C.A.N. 5963, 6296.

> It gives the debtor a breathing spell from his creditors. It stops all collection efforts, all harassment, and all foreclosure actions. It permits the debtor to attempt a repayment or reorganization plan, or simply to be relieved of the financial pressures that drove him into bankruptcy.

S. REP. No. 989 at 54-55, reprinted in 1978 U.S.C.C.A. 5840-41; H.R. REP. No. 595 at 340, reprinted in 1978 U.S.C.C.A.N. 6296-97. The automatic stay also offers important protection for creditors.

> Without it, certain creditors would be able to pursue their own remedies against the debtor's property. Those who acted first would obtain payment of the claims in preference to and to the detriment of other creditors. Bankruptcy is designed to provide an

> orderly liquidation procedure under which all creditors are treated equally. A race of diligence by creditors for the debtor's assets prevents that.

S. REP. No. 989 at 49, *reprinted in* 1978 U.S.C.C.A.N. 5835; H.R. REP. No. 595 at 340, *reprinted in* 1978 U.S.C.C.A. 6297; *see also United States v. Inslaw, Inc.*, 932 F.2d 1467, 1473 (D.C. Cir. 1991) ("The object of the automatic stay provision is ... to make sure that creditors do not destroy the bankrupt estate in their scramble for relief."), *cert. denied*, 502 U.S. 1048 (1992); *Martin-Trigona v. Champion Fed. Sav. & Loan Ass'n*, 892 F.2d 575, 577 (7th Cir. 1989) (stating that automatic stay seeks "to protect the bankrupt's estate from being eaten away by creditors' lawsuits and seizures of property before the trustee has had a chance to marshal the estate's assets and distribute them equitably among the creditors").

To effectuate these congressional purposes, section 362(a) generally must be construed broadly. *See* 2 COLLIER ON BANKRUPTCY ¶ 362.04 (Lawrence P. King ed., 15th ed. 1994) ("The stay of section 362 is extremely broad in scope and ... should apply to almost any type of formal or informal action against the debtor or the property of the estate."); *see also Midlantic Natl Bank v. New Jersey Dep't of Envtl. Protection*, 474 U.S. 494, 504 (1986) (recognizing that, "in enacting § 362 in 1978, Congress significantly broadened the scope of the automatic stay"). Its breadth is not unlimited, however. As the Ninth Circuit has stated, "while seemingly broad in scope, the automatic stay provisions should be construed no more expansively than is necessary to effectuate legislative purpose." *In re Chugach*

Forest Prods., Inc., 23 F.3d 241, 245 (9th Cir. 1994) (quoting *In re Continental Air Lines, Inc.*, 61 B.R. 758, 779 (S.D. Tex. 1986)). Thus, we have held that, although the automatic stay blocks many legal actions against the debtor, it does not similarly bar claims brought by the debtor against other parties. *See Carley Capital Group v. Fireman's Fund Ins. Co.*, 889 F.2d 1126, 1127 (D.C. Cir. 1989) (*per curiam*). More recently, in *Inslaw*, we held that the automatic stay did not bar the Department of Justice from using computer software provided by, and claimed by, a debtor in bankruptcy. 932 F.2d at 1472-74. In so doing, we rejected the debtor's argument that the Department's use of the software without the debtor's consent amounted to an "exercise of control" over property of the estate within the meaning of subsection 362(a)(3), commenting that such a construction of the statute "would take it well beyond Congress's purpose." *Id.* at 1472-73.

Like the debtor in *Inslaw*, Checkers here asserts a construction of section 362(a) that would extend that provision "well beyond Congress's purpose." The policies underlying the automatic stay-those of sheltering the debtor from the demands of creditors and preserving the bankrupt's estate pending orderly distribution by a trustee--are not implicated by an act, such as Checkers's filing of a section 8 affidavit, that has no effect upon a claim against the debtor or the property of the estate, but rather maintains the status quo with respect to the property of an entity engaged in litigation with the debtor. We therefore reject Checkers's contention that the filing required by section 8 of the Lanham Act in this case would have constituted either the "continuation" of an "action or proceeding against the

debtor" within the meaning of subsection 362(a)(1), or an act "to exercise control over property of the estate" within the meaning of subsection 362(a)(3).

A. *Subsection 362(a)(1)*

Checkers first claims that its filing of a section 8 affidavit was stayed by subsection 362(a)(1), which bars legal actions that continue a pre-petition claim against the debtor. Checkers rests its argument on that portion of its cancellation petition alleging that CRG's registration interfered with Checkers's right to use its service mark outside of its existing geographic area. *See* 15 U.S.C. § 1057(b) (stating that federal registration is "prima facie evidence ... of the registrant's exclusive right to use the registered mark in commerce"); *see also* 3 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 26.13[1] (3d ed. 1994) ("[T]he owner of a Principal Register registration has superior rights throughout the United States."). Checkers contends that, because this claim alleged interference with a right guaranteed to Checkers by virtue of the federal registration of its service mark, its maintenance of federal registration was necessary to its ability to bring the claim. Thus, Checkers argues, any act to maintain its federal registration--such as the filing of a section 8 affidavit-constituted the "continuation" of its claim against the debtor within the meaning of subsection 362(a)(1). This is a specious claim.

Subsection 362(a)(1) stays the continuation of "a judicial, administrative, or other action or proceeding *against the debtor.*" 11 U.S.C. § 362(a)(1) (emphasis added).

Checkers's interpretation of this provision would extend the automatic stay to encompass not only actions against the debtor, but also acts that maintain the status quo within which such actions exist. In this case, the action against the debtor was Checkers's cancellation claim against CRG. Checkers's filing of a section 8 affidavit constituted no part of that claim. Rather, the filing served merely to maintain the status quo with respect to Checkers's own pre-existing service mark registration. We discern nothing in the automatic stay provision nor in its underlying policy to suggest that Congress intended it to block actions that maintain the status quo between a debtor and its legal adversary. To the contrary, our review of the legislative history reveals precisely the opposite intent-for, as already mentioned, Congress included section 362(a) in the Bankruptcy Code to ensure the preservation of the status quo between a debtor and its creditors. *See In re Chugach Forest Prods.*, 23 F.3d at 243 ("[The automatic stay] is designed to effect an immediate freeze of the *status quo* by precluding and nullifying post-petition actions, judicial or nonjudicial, in nonbankruptcy fora against the debtor or affecting the property of the estate.") (internal quotations omitted); *In re Morton*, 866 F.2d 561, 564 (2d Cir. 1989) (holding that operation of state law requiring lien holder to renew lien in state court was not stayed by section 362 because "extension ... simply allows the holder of a valid lien to maintain the status quo-a policy not adverse to bankruptcy law, but rather in complete harmony with it").

The cases cited by Checkers are not to the contrary. Checkers relies on cases from the bankruptcy courts holding that the automatic stay barred filings required to revive a

pre-petition judgment lien, *see In re Thomasson*, 66 B.R. 503, 505 (Bankr. W.D. Mo. 1986), to reinscribe a notice of assignment of the debtor's accounts receivable, see *In re Pernie Bailey Drilling Co., Inc.*, 131 B.R. 53, 59 (Bankr. W.D. La. 1991), *aff'd*, 157 B.R. 100 (W.D. La. 1992), *affd*, 993 F.2d 67 (5th Cir. 1993), and to extend an attachment of the debtor's property, *see In re Paul*, 67 B.R. 342, 346-47 (Bankr. D. Mass. 1986).[5] While we express no view as to the merits of these decisions, we find each distinguishable from the present case for the simple reason that each involved a filing necessary to renew a legal action--be it a lien, an assignment of assets, or an attachment of property-operating directly *against the debtor.* Here, by contrast, Checkers's section 8 filing would have operated not to renew or sustain its cancellation petition against CRG--the action *against the debtor*-- but, as we have said, merely to maintain the status of its own property.

We recognize that Checkers's filing of a section 8 affidavit could, in some attenuated sense, be deemed

---

[5] Checkers also cites two cases holding that the inception of bankruptcy proceedings exempts a creditor from state laws requiring, the filing of a continuation statement to renew a financing statement reflecting a security interest in the assets of the debtor. *See* In re *Chaseley's Foods*, Inc., 30 B.R. 452, 455-58 (N.D. Ind. 1983), *affd as modified*, 726 F.2d 303 (7th Cir. 1983); *In re Funding System Asset Management Corp.*, 38 B.R. 351, 352 (Bankr. W.D. Pa. 1984). However, as Checkers itself acknowledges, *see* Brief for Appellant at 23, the courts in these cases did not rest their holdings on section 362(a) of the Bankruptcy Code, but rather relied on the relationship between the policies underlying the state law requirements and the effects of a bankruptcy filing.

necessary to the maintenance of part of Checkers's cancellation petition against CRG. Without a valid federal registration, Checkers might not have had standing to pursue that portion of its cancellation petition claiming injury from CRG's alleged interference with rights guaranteed to Checkers by federal law.[6] However, to acknowledge that the section 8 filing was tangentially related to Checkers's ability to litigate a portion of its claim against CRG is not to bring that filing within the scope of section 362(a). Any construction of section 362(a) that would reach the filing at issue here would extend the power of the bankruptcy courts into a whole host of activities far removed from the concerns addressed by the Bankruptcy Code. For example, under Checkers's construction of the provision, a homeowner involved in an action to quiet title against a debtor in bankruptcy could claim that section 362(a) stayed his payment of property taxes imposed by state law. Such payment certainly is in some sense necessary to the maintenance of good title in the property, and, therefore, could be described as the "continuation" of a claim against the debtor. However, not only does such a sweeping construction of section 362(a) have the potential to raise serious constitutional questions regarding the scope of the jurisdiction that may permissibly be exercised by non-Article III bankruptcy courts, *see* Inslaw, 932 F.2d at 1472-73, but

---

[6] To have standing to pursue a cancellation petition, a litigant must demonstrate a "likelihood of damage from the continuing registration of the mark" in dispute. 2 MCCARTHY, supra, § 20.13[1]; *see also Golden Gate Salami Co. v. Gulf States Paper Corp.*, 332 F.2d 184, 188 (C.C.P.A. 1964) (noting that damage from conflicting trademark and service mark registrations is "'not often subject to precise proof") (internal quotations omitted).

it is not even remotely necessary to the achievement of the provision's twin goals-namely, creating a "breathing spell" for the debtor and preventing a "race of diligence" by creditors. For these reasons, we reject it.

Checkers also seeks to invoke subsection 362(a)(1) in this case by arguing that its filing of a section 8 affidavit continued a claim against the debtor because it prevented CRG from prevailing in its own cancellation claim against Checkers. Checkers points out that the Commissioner's Rules of Practice in Trademark Cases provide for entry of judgment against a respondent in a cancellation proceeding where the respondent allows his or her registration to be canceled pursuant to section 8 while the proceeding is pending. See 37 C.F.R. § 2.134(b) (1994).[7] Because Checkers's filing of a section 8 affidavit would have prevented CRG from prevailing under this rule, the filing was stayed, Checkers argues.

---

[7] The provision states in full:

After the commencement of a cancellation proceeding, if it comes to the attention of the Trademark Trial and Appeal Board that the respondent has permitted his involved registration to be canceled under section 8 of the Act of 1946 or has failed to renew his involved registration under section 9 of the Act of 1946, an order may be issued allowing respondent until a set time, not less than fifteen days, in which to show cause why such cancellation or failure to renew should not be deemed to be the equivalent of a cancellation by request of respondent without the consent of the adverse party and should not result in entry of judgment against respondent as provided by paragraph (a) of this section. In the absence of a showing of good and sufficient cause, judgment may be entered against respondent as provided by paragraph (a) of this section. 37 C.F.R. § 2.134(b).

This contention also lacks merit. Checkers's position amounts to an argument that section 362(a) disabled it from taking any action to fend off CRG's attempts to cancel Checkers's service mark registration. However, it is well settled in this circuit and others that the section 362(a) automatic stay does not require persons involved in litigation with a debtor to capitulate to the debtor's every demand. *See Inslaw*, 932 F.2d at 1473 ("Fulfillment of th[e] purpose [of the automatic stay] cannot require that every party who acts in resistance to the debtor's view of its rights violates § 362(a) if found in error by the bankruptcy court."); *see also In re Merrick*, 175 B.R. 333, 338 (Bankr. 9th Cir. 1994) ("The automatic stay should not tie the hands of a defendant while the plaintiff debtor is given free rein to litigate."); *Martin-Trigona*, 892 F.2d at 577 ("There is ... no policy of preventing persons whom the bankrupt has sued from protecting their legal rights."). Thus, the fact that Checkers's filing of a section 8 affidavit might have prevented CRG from winning total victory presents no basis for the application of subsection 362(a)(1).

B. *Subsection 362(a)(3)*

Checkers next argues that its filing of a section 8 affidavit was stayed by subsection 362(a)(3), which bars acts to exercise control over property of the bankrupt's estate. As Checkers sees it, by filing an affidavit necessary to maintain its own service mark registration, Checkers would have taken an act to exercise control over the right to use the "Checkers" service mark, in derogation of CRG's own claim to that right. Central to Checkers's theory is the notion that, by virtue of their cross-cancellation claims, Checkers and

CRG each were vying for the single and exclusive federal right to use a service mark employing the word "Checkers" in interstate commerce. Thus, in Checkers's view, any act that served to maintain its own claim to that right was an act to "exercise control over" property of the bankrupt's estate within the meaning of subsection 362(a)(3).

Checkers misunderstands the nature of the right created by federal registration under the Lanham Act. We recognize that federal registration constitutes prima facie evidence of the registrant's "*exclusive* right to use the registered mark in commerce." 15 U.S.C. §§ 1057(b), 1115(a) (emphasis added). However, we also note that *each* federal registration constitutes such evidence. In this case, therefore, the federal registrations of *both* Checkers and CRG constituted prima facie evidence that each enjoyed the exclusive right to utilize its respective service mark in commerce. While the cross-cancellation proceeding might ultimately have established that protection of the rights of one registrant required cancellation of the service mark of the other, each held an independent property right in its own service mark until that decision was made, if ever. Thus, contrary to Checkers's theory, its filing of a section 8 affidavit would have affected only its own property, not the property of CRG. Accordingly, the required filing was not stayed by subsection 362(a)(3).

C. *Cancellation of a Registration Under Section 8 of the Lanham Act*

Because we find that neither subsection 362(a)(1) nor subsection 362(a)(3) stayed Checkers's filing of a section 8

affidavit in this case, we hold that the Commissioner properly canceled Checkers's service mark. In so holding, we recognize that the circumstances of this case do not present the paradigmatic situation that prompted Congress to enact section 8 of the Lanham Act. Congress intended that section "to remove from the register automatically marks which are no longer in use. Failure of registrants to file affidavits results in removal of such deadwood." *Morehouse Mfg. Corp. v. J. Strickland & Co.*, 407 F.2d 881, 887 (C.C.P.A. 1969) (emphasis omitted). Nevertheless, in establishing cancellation as the penalty for failure to file the required affidavit, Congress made no exception for the innocent or the negligent. Thus, the Commissioner had no discretion to do other than cancel Checkers's service mark registration in this case. *See In re Mother Tucker's Food Experience (Canada), Inc.*, 925 F.2d 1402, 1405 (Fed. Cir. 1991) ("It was not within the Commissioner's discretionary authority to waive [the section 8] requirement.").

Moreover, while the application of the section 8 filing requirement may appear harsh in this case, Checkers failed to avail itself of a simple means of avoiding this result. Checkers neglected to take the prudential step of seeking clarification from the bankruptcy court, or even from the Commissioner, as to whether its section 8 filing obligation was stayed. Checkers had ample time to make such an inquiry; CRG filed its petition for bankruptcy approximately two months before the first day of the year-long "window" during which Checkers was required to file its section 8 affidavit. By failing to inquire, Checkers assumed the risk that the required filing was not stayed. *See In re Clark*, 49 B.R. 704, 707 (Bankr. D. Guam 1985) ("Where there is

uncertainty about ... applicability of the automatic stay, a creditor should petition the court for clarification. If the creditor does not, he takes a calculated risk of being held in contempt [for violating the stay]."); *In re Pody*, 42 B.R. 570, 573-74 (Bankr. N.D. Ala. 1984) (same). That gamble did not pay off, and accordingly, Checkers's service mark was canceled at the conclusion of the filing period.

III. CONCLUSION

For the foregoing reasons, the judgment of the District Court is affirmed.

So ordered.

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

CHECKERS DRIVE-IN RESTAURANTS, INC. *Plaintiff,*	)	Civil Action No. 93-1024-TFH
v.	)	Judge Hogan
COMMISSIONER OF PATENTS AND TRADEMARKS *Defendant.*	)	

ORDER

Upon consideration of the COMMISSIONER'S MOTION FOR SUMMARY JUDGMENT, it is

ORDERED that the Commissioner's motion for summary judgment is granted and

FURTHER ORDERED that the complaint is dismissed.

Date: _____

[Thomas F. Hogan]
THOMAS F. HOGAN
U.S. District Judge

At: Washington, D.C.

cc: David M. Pitcher
STAAS & HALSEY
1825 K Street, N.W.
Suite 816
Washington, D.C. 20006

Fred E. McKelvey
Solicitor
P.O. Box 15667
Arlington, Virginia 22215

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

CHECKERS DRIVE-IN RESTAURANTS, INC. *Plaintiff,*	)	Civil Action No. 93-1024-TFH
v.	)	Judge Hogan
COMMISSIONER OF PATENTS AND TRADEMARKS *Defendant.*	)	

MEMORANDUM OPINION

This case concerns the operation of the "automatic stay" provisions of the bankruptcy code, 11 U.S.C. §§ 108(c) and 362(a) (1988), on the obligations of a service mark registrant to renew its registration in accordance with Section 8 of the Trademark Act, 15 U.S.C. § 1068 (1988). The case comes before the Court on the motion of defendant Commissioner of Patents and Trademarks ("Commissioner") for summary judgment against plaintiff Checkers Drive-In Restaurants, Inc. ("Drive-In").[1] For the reasons set forth

---

[1]The Commissioner's Motion for Summary Judgment ("SJ Motion") was filed on July 20, 1993. Drive-In's Opposition thereto was filed on September 2, and the Commissioner's Reply was filed on September 28,

below, the Court affirms the Commissioner's decision and will GRANT its motion for summary judgment.[2]

I. Statutory Background

A. Section 8 of the Trademark Act

Section 8 of the Lanham Trademark Act requires that a trademark or service mark registrant file an affidavit in the Patent and Trademark Office between the fifth and sixth anniversaries of the registration date as a precondition to maintaining the validity of the registration.[3] This "Section

---

1993. Unless otherwise indicated, all parenthetical four digit numerical references in this opinion are citations to Commissioner's Exhibit 1.

[2]A hearing on this motion had been scheduled for November 22 and was postponed. The Court subsequently determined that this case could be decided on the pleadings and that oral argument was unnecessary. See Local R. 108(f).

[3] Section 8 provides:

Each certificate of registration shall remain in force for ten years: Provided, That the registration of any mark under the provisions of this chapter shall be canceled by the Commissioner at the end of six years following its date, unless within one year next preceding the expiration of such six years the registrant shall file in the Patent and Trademark Office an affidavit setting forth those goods or services recited in the registration on or in connection with which the mark is in use in commerce and attaching to the affidavit a specimen or facsimile showing current use of the mark, or showing that any nonuse is due to special circumstances which excuse such nonuse and is not due to any intention to abandon the mark. Special notice of the requirement for such affidavit shall be attached to each certificate of registration.

8 affidavit" must aver essentially that the registrant continues to use the registered mark on or in connection with the goods or services recited in the registration in commerce. Failure of a registrant to file a timely Section 8 affidavit results in the cancellation of the mark's registration by operation of law after the sixth year.

Section 8 is designed to increase the reliability and accuracy of the trademark register by eliminating from the register abandoned or inactive marks ("deadwood"). S. Rep. No. 515, 100th Cong., 2d Sess., at 6-7 (1988); H.R. Rep. No. 1028, 100th Cong., 2d Sess., at 7 (1988); 134 Cong. Rec. 11,074 (1988). It does so by imposing strict requirements for maintaining a registration. Id. It has long been noted that

> [t]he legislative history of Section 8 clearly indicates that a specific rigid cut-off time was contemplated for submission of the Section 8 affidavit, failing which, the registration would be cancelled. Accordingly, although it is clear that it was the intent of Congress that Section 8 serve to keep live marks on the register, they also mandated a specific rigid cut-off date, whether the mark is still in use or not, for submission of the Section 8 affidavit.

In re Kruysman, Inc., 199 U.S.P.Q. 110, 111 (Comm'r Pat. 1977). The Commissioner has no discretion to waive this

---

15 U.S.C. § 1058 (1988).

statutory requirement. Mother Tucker's Food Experience Inc., 925 F.2d 1402, 1404 (Fed. Cir. 1991).

B. The "Automatic Stay" Provisions of the Bankruptcy Code

The "automatic stay" provisions of section 362(a) of the bankruptcy code provide that a bankruptcy petition operates as a stay applicable to all entities of the commencement or continuation of a judicial, administrative, or other action or proceeding against that debtor commenced before the commencement of the bankruptcy proceeding, or to recover a claim[4] against the debtor that arose prior to the commencement of the bankruptcy proceeding. 11 U.S.C. § 362(a)(1). It also stays "any act to obtain possession of property of the estate or of property from the estate or to exercise control over property of the estate[5] . . . ." Id. § 362(a)(3). Section 108(c) of the bankruptcy code extends periods fixed by nonbankruptcy law within which a party

---

[4] A "claim" means:

> (A) right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured; or (B) right to an equitable remedy for breach of performance if such breach gives rise to a right to payment. . .

Id. § 101(5).

[5] "Property of the estate" encompasses both tangible and intangible property interests, including intellectual property interests in patents, trademarks and copyrights. United States v. Inslaw, 932 F.2d 1467, 1471 (D.C. Cir. 1991), cert. denied, 112 S. Ct. 913 (1992).

may commence or continue a civil action against a debtor in a court other than a bankruptcy court until thirty days after the stay is terminated if the period fixed by nonbankruptcy law has already run. Id. § 108(c). Actions taken in violation of the automatic stay are generally void, and willful violators may be held in contempt by the bankruptcy court. 2 Collier on Bankruptcy P 362.03, at 362-24 (1993).

The automatic stay of section 362 is recognized as the linchpin of the bankruptcy system and, as intended by Congress, is quite broad. H.R. Rep. No. 595, 95th Cong., 1st Sess., at 340 (1977); S. Rep. No. 989, 95th Cong., 2d Sess., at 50 (1978). "The stay of section 362 is extremely broad in scope and, aside from the limited exceptions of subsection (b), should apply to almost any type of formal or informal action against the debtor or the property of the estate." 2 Collier on Bankruptcy P 362.04, at 362-24. It is not, however, without limits. While it clearly precludes the litigation of counterclaims against the debtor, it does not preclude the debtor from pressing its own claims in the same suit. Carley Capital Group v. Fireman's Fund Ins. Co., 889 F.2d 1126, 1127, 281 U.S. App. D.C. 293 (D.C. Cir. 1989) (per curiam) (automatic stay of § 362(a)(1) only stays proceedings against debtor, not actions brought by debtor which would inure to benefit of estate). As a corollary to this, it does not prevent persons whom the bankrupt has sued from protecting their legal rights by defending against actions brought by a debtor. United States v. Inslaw, 932 F.2d 1467, 1473 (D.C. Cir. 1991), cert. denied, 112 S. Ct. 913 (1992); Martin-Trigona v. Champion Fed. Sav. and Loan Ass'n, 892 F.2d 575, 577 (7th Cir. 1989); but see In re General Associated Investors Ltd. Partnership, 159 Bankr.

551, 555 (Bankr. D. Ariz. 1993) (expressing disagreement with Inslaw and Martin-Trigona). Some circuits hold that it does not preclude the debtor from being joined in an interpleader action as a potential claimant against a source of funds. See, e.g., Holland Am. Ins. Co. v. Roy, 777 F.2d 992, 996 (5th Cir. 1985) (interpleader action by insurance company naming debtor as possible claimant to policy proceeds held not to constitute an act to obtain possession of property of debtor's estate as proscribed by § 362(a)(3)). See also In re Morton, 866 F.2d 561, 564-65 (2d Cir. 1989) (§ 362(a)(4) stays acts to create, perfect or enforce a lien against property of estate, but does not prohibit acts to extend or renew valid statutory lien). By making its own determination of the applicability of the automatic stay, a party undertakes the calculated risk that it may be wrong. See In re Pody, 42 Bankr. 570, 573-74 (Bankr. N.D. Ala. 1984) (creditor may petition court for clarification of scope of automatic stay in case of uncertainty; bears risk of failure to do so; creditor held in contempt after incorrectly assuming debt was not dischargeable in bankruptcy); In re Clark, 49 Bankr. 704, 707 (Bankr. D. Guam 1985) (creditor should petition court for clarification of scope of automatic stay).

II. Statement of the Case

Plaintiff, pursuant to 15 U.S.C. § 1071(b), seeks judicial review of a decision of the Commissioner of Patents and Trademarks (Commissioner) refusing to accept a "Section 8 affidavit" from plaintiff because the affidavit was

not filed within the period fixed by the Trademark Act.[6] Plaintiff contends that due to its involvement in registration cancellation proceedings with another party -- which filed for bankruptcy during the cancellation proceedings prior to the running of the Section 8 deadline -- plaintiff was prohibited by the bankruptcy statute's automatic stay provisions from renewing its registration. Consequently, according to plaintiff, the bankruptcy provisions extended the time within which it was entitled to renew its registration. The Commissioner has moved for summary judgment on the ground that the bankruptcy provisions discussed above do not apply to the plaintiff here.

III. Standard for Granting a Motion for Summary Judgment

Summary judgment must be awarded where there is no genuine issue of material fact and the moving party is entitled to judgment as a matter of law. Fed. R. Civ. P. 56(c); White v. Fraternal Order of Police, 909 F.2d 512, 516 (D.C. Cir. 1990); see also Loglan Inst., Inc. v. Logical

---

[6]As the Seventh Circuit explained recently:

> A party may appeal an adverse decision of the [Trademark Trial and Appeal] Board either to the U.S. Court of Appeals for the Federal Circuit or to a federal district court. An appeal to a district court is in part an appeal and in part a new action, since additional relief may be requested and additional evidence may be presented. See 2 J. Thomas McCarthy, Trademarks and Unfair Competition § 21:5, at 14-15 (2d ed. 1984).

Spraying Sys. Co. v. Delavan, Inc., 975 F.2d 387, 390 (7th Cir. 1992).

Language Group, Inc., 962 F.2d 1038, 1040 (Fed. Cir. 1992) (requirements for granting summary judgment in a trademark cancellation proceeding are the same as in any other case). The Court must view the facts and the inferences to be drawn therefrom in the light most favorable to the nonmoving party. White, 909 F.2d at 1040.

IV. There Are No Genuine Disputes Of Material Fact

The Commissioner set forth in his motion for summary judgment the following statement of material facts as to which there is no genuine dispute.[7]

1. On October 23, 1984, U.S. Service Mark Reg. No. 1,302,099 ('099) issued to S&A Restaurant Corp. for the mark CHECKERS used in connection with "restaurant services" (0001). In December 1985, the mark was assigned to Checkers Drive-In Restaurants of North America, Inc. (0157).

2. On March 29, 1988, a third party, Checkers Restaurant Group, Inc. (CRG), filed a petition with the Trademark Trial and Appeal Board (TTAB) to cancel plaintiff's registration (15 U.S.C. § 1064) (0070).

3. Plaintiff answered CRG's cancellation petition and counterclaimed seeking cancellation of CRG's service mark

---

[7] The plaintiff has not challenged this statement of material facts and its own statement of facts bears strong resemblance to it. Consequently, these facts are assumed to be admitted under Local Rule 108(h).

Registration No. 1,376,585 [('585)] for the mark CHECKERS CHAR/GRILLED CHICKEN & RIBS and design used in connection with fast food services, namely carry-out food services, self-service eat-in, and catering services (0078).

4. In August 1989, CRG filed for protection under Chapter XI of the Federal Bankruptcy Laws, 11 U.S.C. § 1 et seq. (0085).

5. In January of 1990, the third party CRG, filed a motion in the TTAB noting that a proceeding was pending before the U.S. Bankruptcy Court, Eastern District of New York, Case No. 889-91431-20, and requesting that the TTAB "stay all proceedings" (0085-86).

6. Plaintiff was not a party to CRG's bankruptcy proceeding (0085).

7. On February 16, 1990, the [TTAB] issued an order staying the cancellation proceeding pending disposition of the bankruptcy proceeding involving CRG stating:

> When the debtor [CRG] is the registrant and its trademark registration is the subject of a cancellation proceeding, then the automatic stay provisions of the United States Bankruptcy Code apply. In this case, since petitioner's [CRG] registration is the subject of a counterclaim, irrespective of the fact that respondent [plaintiff] views the counterclaims

> as 'conditional,' the automatic stay provision is applicable (0089-90).

8. On July 22, 1990, CRG filed a motion requesting a partial resumption of the TTAB proceeding -- namely, resumption of the cancellation proceeding against plaintiff's mark, noting that the counterclaim for cancellation of CRG's mark was subject to the automatic stay provision of the Bankruptcy Statute, 11 U.S.C. § 362(a) (0092).

9. Plaintiff opposed the partial resumption of the cancellation proceeding (0099).

10. On August 29, 1990, the TTAB denied CRG's Motion to Resume Proceedings stating:

> [W]e are nonetheless of the belief that this proceeding in its entirety should remain suspended pending disposition of the bankruptcy proceeding. It would not serve the interests of judicial economy to go forward with only Checkers Restaurant's [CRG] cancellation [against plaintiff's mark]. Moreover, depending upon the disposition of the bankruptcy proceeding, there is the possibility that it could have a bearing on Checkers Restaurant's [CRG] attempts to cancel Checkers of North America's [plaintiff] registration (0104).

11. On November 30, 1990, the Bankruptcy Court issued an Order approving a settlement agreement between plaintiff and CRG (0106).[8]

12. On December 19, 1990, plaintiff filed a "MOTION TO LIFT STAY, TO ACCEPT AND ENTER § 8 DECLARATION AND TO DISMISS PROCEEDING AS MOOT" (0109).

13. Plaintiff's Section 8 affidavit was included with the motion filed on December 19, 1990 (0114).

14. On February 12, 1991, the TTAB dismissed the cancellation proceeding and forwarded the file to the PTO's Post-Registration Section for consideration of plaintiff's Section 8 affidavit (0121).

15. Pursuant to the statute, 15 U.S.C. § 1058, a Section 8 affidavit must be filed between the 5th and 6th year after the registration date. For plaintiff's mark, the registration date was October 23, 1984, and the § 8 affidavit was due by October 23, 1990 (0001). Since plaintiff's Section 8 affidavit was not filed until December 19, 1990, on April 2, 1991, the Affidavit/Renewal Examiner rejected plaintiff's Section 8 affidavit as untimely filed (0036).

---

[8] The parties also appear not to dispute the fact that under the settlement agreement, plaintiff was to own both the '585 and '099 registrations and CRG was to be granted a paid-up license to use the mark embodied in the '585 registration for "CHECKERS CHAR-GRILLED CHICKEN AND RIBS" at their existing two locations (0053-54). See Opposition at 3; Reply at 2.

16. On May 31, 1991, plaintiff petitioned the Commissioner for relief (0037).

17. On April 29, 1992, the Commissioner, through his designee the Assistant Commissioner for Trademarks, denied plaintiff's petition (0135).

18. On June 29, 1992, plaintiff requested reconsideration (0142).

19. On February 25, 1993, the request for reconsideration was denied by the Acting Assistant Commissioner for Trademarks (0164).

20. This civil action followed.

Plaintiff has failed to describe any genuine issues of material fact in its Opposition to the Commissioner's motion. One of the facts which plaintiff sets forth -- concerning the existence of a settlement agreement/assignment of license between plaintiff and the third party debtor -- is not in dispute. Reply at 2. Another fact -- that CRG had property rights in "the 'CHECKERS' trademark" that were intertwined with plaintiff's '099 registration -- though apparently in dispute, is not, as will be discussed later, material to this case as a matter of law.

The remaining paragraphs of plaintiff's counter-statement, as the Commissioner rightly points out, "are not matters of fact, make no reference to documentary support, and amount to nothing more than arguments of counsel and allegations about what [the third party debtor]

perceived and might testify to -- but without affidavit support." Id. at 3. For instance, plaintiff's assertion that "further testimony, such as from the third party debtor, would show that the debtor perceived that anything that would have maintained Plaintiff's standing in the cancellation proceeding also would have affected debtor's claims to property rights in the "CHECKERS" trademark during the cancellation proceeding," id. ¶10, fail to raise any genuine issues of material fact. The essential defect with these statements is that they lack any affidavit or record support. Consequently, they fail to meet the requirements of Local Rule 108(h) and Fed. R. Civ. P. 56(e). See Celotex Corp. v. Catrett, 477 U.S. 317, 324 (1986); Frito-Lay, Inc. v. Willoughby, 863 F.2d 1029, 1034 (D.C. Cir. 1988). Bare, unaided claims that a factual controversy still persists are insufficient to withstand a motion for summary judgment. Alyeska Pipeline Svc. Co. v. United States Environmental Protection Agency, 856 F.2d 309, 314 (D.C. Cir. 1988). Thus, even were one to make the doubly generous assumption that these paragraphs allege "facts" rather than legal arguments and that these "facts" are material to the outcome of this case[9], the Court cannot find that there is any genuine dispute concerning them. Thus, only legal issues remain to be decided in this case.

---

[9]It bears noting that plaintiff has failed entirely to suggest how many of its remaining allegations -- such as those concerning the perceptions of the third party debtor -- are material to the legal issues in dispute.

V. Standard of Review

A district court reviewing the actions of the Commissioner under 15 U.S.C. § 1071 must accept the Commissioner's findings of fact as controlling "unless the contrary is established by testimony which in character and amount carries thorough conviction." Fleetwood Co. v. Hazel Bishop, Inc., 352 F.2d 841, 844 (7th Cir.1965) (citing Morgan v. Daniels, 153 U.S. 120, 125 (1894)). Moreover, even though the district court's review of the Commissioner's factual determinations is in a sense de novo, as the parties may, if appropriate, present new evidence to the district court and enlarge the pleadings, the "thorough conviction" standard applies to new evidence presented in the district court. Spraying Sys. Co. v. Delavan, Inc., 975 F.2d 387, 391 (7th Cir. 1992). The Commissioner's conclusions on legal issues, however, are owed no such deference and will be reviewed on a truly de novo basis. Id. at 391-92; Yamaha Int'l Corp. v. Hoshiro Gakki Co., Ltd., 840 F.2d 1572, 1575 (Fed. Cir. 1988) (function of court on appeals from TTAB under § 1071(a) is to review board's decision, not its reasoning).

VI. The Commissioner is Entitled to Judgment as a Matter of Law

The only legal issue before the Court in the present case is whether the automatic stay provision of the Bankruptcy statute precluded plaintiff from filing its Section 8 affidavit within the time prescribed by Section 8, thereby tolling the time for plaintiff to file. "If it did, the Commissioner's decision refusing to accept the affidavit was

contrary to law. If it did not toll the time period, the Commissioner's decision must stand." Reply at 4.

The parties appear to agree that if the filing of plaintiff's Section 8 affidavit was precluded by the automatic stay of section 362(a), section 108(c) of the Bankruptcy statute would permit plaintiff to file the Section 8 affidavit within 30 days of the lifting of the stay. See SJ Motion at 9-10 ("Since the automatic stay did not prevent plaintiff from maintaining its registration by filing the necessary Section 8 affidavit, the tolling provisions of § 108 do not apply."). Likewise, they appear to agree that if the automatic stay did not prevent plaintiffs from filing, the tolling provisions do not apply. See Opposition at 17-19 (tolling provisions applicable when automatic stay prevents party from acting). Thus, the Court need only address whether § 362 did, in fact, prevent the plaintiff from maintaining its registration. Plaintiff advances several arguments to support the claim that it did.

A. Did § 362(a)(1) Bar the Filing of Plaintiff's Section 8 Affidavit?

First, plaintiff argues that the filing of a Section 8 affidavit to maintain its own registration would have constituted the continuation of the cancellation proceeding against CRG in violation of section 362(a)(1). Plaintiff advances several bases for this claim. First, it takes the broad position that any action it could take that would result in its maintaining its standing in its stayed cancellation proceeding against CRG would constitute a "continuation" of that cancellation proceeding. See Counter-statement ¶¶ 6, 7,

10; Opposition at 11-12. In this regard, plaintiff claims that the filing of the Section 8 affidavit was necessary to maintain its standing against CRG. As the Commissioner rightly ruled below, however, Section 14 of the Lanham Act, 15 U.S.C. § 1064, permits "any person who believes that he is or will be damaged by the registration" of a mark to file a petition to cancel the mark. "Ownership of a registration is not a prerequisite to filing or litigating a petition for cancellation of another registration. Thus, whether the [plaintiff] registrant chose to maintain its registration by filing the Section 8 declaration was irrelevant to its ability to preserve its counterclaim against the debtor CRG. (0138-39). See generally 2 McCarthy on Trademarks and Unfair Competition §§ 20.13 and 20.02 (3d ed. 1992). Plaintiff has failed, as it did below, to counter this argument. It has merely made the unsupported assertion that "filing the Section 8 Affidavit was not merely an ex parte act needed to maintain [plaintiff's] registration, but was a necessary act to continue and maintain inter partes cancellation proceedings against CRG's trademark property, which proceeding had been stayed by the Automatic Stay and the TTAB's Orders." Opposition at 17.[10] Most notably, it fails entirely to

---

[10] Plaintiff makes the related claim that "the PTO rules acknowledge that the filing of a Section 8 Affidavit is an integral part of a cancellation proceeding." Opposition at 11-12. Plaintiff cites in support of this proposition Trademark Rule 2.134(b). It provides, in pertinent part:

> After the commencement of a cancellation proceeding, if it comes to the attention of the [TTAB] that the respondent has permitted his involved registration to be cancelled under section 8...an order may be issued allowing respondent...to show cause

articulate in what manner the filing of a Section 8 affidavit was "necessary" to continue its claims against CRG. Thus, plaintiff's assertion must be rejected.[11]

> why such cancellation...should not result in entry of judgment against respondent....

37 C.F.R. § 2.134(b) (1993). The proposition asserted by plaintiff is clearly without merit. As the Commissioner stated below, "the rule does not require a registrant to file a Section 8 declaration in order to preserve the cancellation petitioner's ability to have the registration cancelled. Rather, the rule simply notes that the petitioner for cancellation will not be deprived of a judgment in its favor by a respondent who lets his registration lapse during a cancellation proceeding." (0138). Moreover, because this rule is only relevant to CRG's cancellation proceeding against plaintiff and the automatic stay did not -- plaintiff's unsupported assertions to the contrary aside -- extend to that proceeding, Carley Capital Group, 889 F.2d at 1127, it in no way advances the analysis of whether the filing of a Section 8 affidavit constituted a continuation of plaintiff's cancellation proceeding against CRG.

[11]Even if the filing of plaintiff's Section 8 affidavit were necessary for it to maintain its standing in the cancellation proceeding against CRG, however, it is dubious that such an act would constitute a "continuation" of the proceeding against CRG. Plaintiff's filing of the Section 8 affidavit would have been equally necessary, if not more so, to maintaining its substantive rights in CRG's cancellation proceeding against it. See 37 C.F.R. § 2.134(b), discussed supra, note 10. Because that proceeding was not stayed by the automatic stay -- it was plainly stayed "in the interests of judicial economy" (0104) -- nothing in section 362(a) prevented plaintiff from defending its rights in that proceeding. Inslaw, 932 F.2d at 1473; Martin-Trigona, 892 F.2d at 577. Thus plaintiff's suggestion that "anything" that it could do to maintain its standing in the cancellation proceeding would have constituted a continuation of the proceeding against CRG, Opposition ¶ 10, is entirely without merit.

The second basis for plaintiff's argument that the filing of the Section 8 affidavit would constitute the continuation of a proceeding against CRG is equally specious. Plaintiff asserts that by virtue of the PTO's regulations, any filing concerning the '099 registration would have impermissibly "alter[ed] the official record of the cancellation proceeding," because those regulations specify that a registration file "automatically becomes part of the official record of the cancellation proceeding." Opposition at 16. The Court must agree with the Commissioner's ruling below that plaintiff presents no legal support or analysis for this position.[12] (0139). The regulation in question, 37 C.F.R. § 2.122(b), simply states that the file of a registration subject to a cancellation proceeding "forms the record of the proceeding without any action by the parties and reference may be made to the file for any relevant and competent purpose." Id. This rule merely provides the parties to a cancellation proceeding with an expedient means of referring to the record underlying the registration at issue without the need for them to surmount any procedural hurdles. The filing of the Section 8 affidavit has only an incidental and entirely metaphysical effect upon the record of the cancellation proceeding. This does not rise to the level of a "continuation" of the cancellation proceeding. Thus, plaintiff's alternative ground for a claim based on section 362(a)(1) must fail.

---

[12]The Commissioner also stated that "rather than change, the Section 8 filing would preserve the record because the registration would maintain the same status it possessed when the stay was instituted." (0139). The Court expresses no opinion on the merits of this position.

B. Did Section 362(a)(3) Bar the Filing of Plaintiff's Section 8 Affidavit?

Plaintiff's second argument is that its filing of a section 8 affidavit to maintain its registration would have constituted an attempt "to obtain possession of" or "to exercise control over" CRG's property in violation of section 362(a)(3). Plaintiff predicates this argument on the assertion that CRG held property rights in "the 'CHECKERS' trademark" during the cancellation proceedings. This assertion, however, conflates the interests of CRG and plaintiff protected by their respective registrations[13] at the relevant point in time (the statutory deadline for plaintiff to file its section 8 affidavit). The cross-cancellation proceedings below may ultimately have established that CRG had rights protected by its use of its mark and its registration that would have entailed the cancellation of plaintiff's registration (or vice-versa). Until such a determination was made, however, the trademark statute mandates the presumption that each party owned its respective registered mark. 15 U.S.C. § 1057(b) (certificate of registration is prima facie evidence of registrant's ownership of mark); id. § 1115(a) (registration creates presumption of registrant's ownership of mark subject to any applicable legal or equitable defenses or defect). "While registration does not of itself create rights to a trademark if such rights did not exist prior to registration, it does create a rebuttable

---

[13]It becomes quite obvious, upon examining the relevant legal principles, that plaintiff's references to "the sole, federal property right in the "CHECKERS" trademark" (Opposition at 9) and other references of this nature are particularly obfuscatory.

presumption that the registrant is in fact the legal owner of the trademark." In re New York City Shoes, Inc., 84 B.R. 947, 955 (Bankr. E.D. Pa. 1988) (citations omitted). See also Brittingham v. Jenkins, 914 F.2d 447, 452 (4th Cir. 1990) (registration creates presumption of ownership of mark). It follows, perforce, that if one party is presumed to be the owner of a mark, other parties must be presumed not to be its owners. The burdens of proof and persuasion as to whether a registrant is in fact the valid owner of a mark thus shift to the party claiming adverse ownership. New York City Shoes, 84 B.R. at 955 (citations omitted). Until the dispute between plaintiff and CRG was adjudicated, it could not be deemed that CRG had met these burdens. Consequently, during the pendency of the cross-cancellation proceedings and at the time the Section 8 deadline ran, there was, as a matter of law, no basis to presume that CRG had any valid property interest in plaintiff's registered mark or that plaintiff's registered mark existed in derogation of CRG's property interest in its own registered mark. Thus, maintenance of plaintiff's registration could not have constituted an action against CRG's property even if it could be determined that CRG would have prevailed entirely in the cross-cancellation proceedings.[14] See Inslaw, 932 F.2d 1467 (automatic stay did not reach Department of Justice's continued use of software developed by debtor when software was in Department's possession under a claim of right at time of bankruptcy filing even if that use were ultimately proven to violate debtor's intellectual property

---

[14]For these reasons, even though there may be a genuine factual dispute about the merits of the underlying cancellation claims, this dispute is not material in this case.

rights); id. at 1473 (§ 362(a) does not require that one in possession of property capitulate to bankrupt's assertion of rights in that property); accord In re Grimes, 147 B.R. 307, 316 (Bankr. E.D.N.Y. 1992) (unproven self-serving proclamations of ownership of legal interest in property do not create property of estate subject to protection of § 362(a)).

Even if the foregoing were not true and plaintiff and CRG did have "intertwined" property interests in the two marks at the time the Section 8 deadline ran, it could hardly be said that plaintiff's mere renewal of its own property interest by maintaining its federal registration constituted an act to "obtain possession of" or "exercise control over" the property of CRG. This is illustrated by analogy with In re Morton, 866 F.2d 561 (2d Cir. 1989), in which the Second Circuit held that a bank was not precluded by section 362(a)(4)'s prohibition against acts to "create, perfect, or enforce" a lien against the property of a bankrupt's estate from timely renewing a New York statutory judgment lien against a debtor's residential property. The New York statute provided that a judgment lien on real property expires after ten years unless it is extended by the lienholder upon motion to a state court with proper notice to the judgment debtor. Id. at 562. The bank failed to renew its lien before the ten year statute of limitations ran and argued that it had been precluded by section 362(a)(4) from extending the lien and that its right to renew the lien was thus preserved by section 108(c). The Second Circuit disagreed. It found no conflict between the automatic stay provision of the bankruptcy code and the state law. The property interest was created and defined by state law, and state law merely

provided a means by which the bank could extend that property interest. The court therefore held that the bank was not precluded by the automatic stay from renewing its lien in the manner prescribed by the statute. It stated:

> [T]here is no indication that the state requirements at issue here place any type of burden on § 362(a) or the interests it was designed to protect. Action by a lienholder under [the New York statute] does not result in an enlargement of the lien, nor does it threaten property of the estate which would otherwise be available to general creditors. To the contrary, extension under [the state statute] simply allows the holder of a valid lien to maintain the status quo--a policy not adverse to bankruptcy law, but rather in complete harmony with it. ****
>
> Of course, if New York law provided that the only way to preserve the lien was to execute on it within a given period of time, or if through extension the amount of the lien could be enlarged, or if somehow under [the state statute] the priority of the lien could be enhanced, an actual conflict with § 362(a) might arise that would suspend the state law. 11 U.S.C. § 362(a)(1)-(5). **** Here however, we cannot find--nor has the bank suggested--any federal interest requiring, solely because of ongoing bankruptcy proceedings, that a lienholder be relieved of any requirement to give notice and extend its lien in state court, especially when the very existence of that lien is created and defined by state law and when the extension will have no adverse effect on any

> party or property involved in the bankruptcy proceeding. **** Accordingly, we decline to, and indeed--in following Butner's [Butner v. United States, 440 U.S. 48 (1979)] express instruction that we apply state law except in cases of actual conflict--cannot, expand the provisions of § 362(a) this far.

Id. at 562 (citations omitted). See also In re APC Construction, Inc., 112 B.R. 89, 118 (Bankr. D. Vt. 1990) (Morton held that bank was free to seek extension of lien without violating automatic stay), *aff'd* 132 B.R. 690 (D. Vt. 1991).[15]

Likewise here, there is no conflict between the two statutory schemes. The trademark statute is an independent body of law that confers upon a registrant a legal interest in its federal registration.[16] In order to extend or maintain that

---

[15]Plaintiff's claim that Morton represents the proposition that the automatic stay "prevents renewal of a judgement" [sic], Opposition at 18-19 is starkly incorrect. Morton, as discussed above, represents the exact opposite proposition. Morton did hold, however, that the automatic stay prevents the enforcement of a judgment lien. Consequently, actions to enforce judgment liens, if they could have been brought at the time the bankruptcy petition was filed, may be brought after the stay is lifted by virtue of section 108(c). 866 F.2d at 566.

[16]To reiterate a point made previously, the Lanham Act does not itself create the trademark. 2 McCarthy § 19.01[3]. Nevertheless, registration does create those rights to exclude spelled out in the Act. Id. at p. 19-10 n.10; id. § 19.04. Indeed, were there no "property" interest in the registration itself, it appears that plaintiff's entire argument under section 362(a)(3) would have to be rejected. It is well established that in

interest -- maintain the status quo -- the registrant must file a Section 8 affidavit. The filing of a Section 8 affidavit would not have enhanced plaintiff's rights vis-a-vis CRG in the registered marks of either party. See Inslaw, 932 F.2d at 1473 (debtor not subject to hazards sought to be precluded by § 362(a) because debtor retained all intangible property interests it had at time bankruptcy petition was filed). Hence, the automatic stay of acts to obtain possession of or to exercise control over the property of a bankrupt did not affect in any way plaintiff's statutory obligation to file a Section 8 affidavit in order to maintain its own registration.

VII. CONCLUSION

The two statutes at issue in this case are plainly capable of co-existence, therefore it is the duty of the Court to regard each as effective. Radzanower v. Touche Ross & Co., 426 U.S. 148, 155 (1976) (citations omitted). Plaintiff's arguments to the contrary have been misguided and, at times, obfuscatory. While the slender merits of this complaint could assuredly have been supported with greater clarity and candor, it is abundantly clear that plaintiff's arguments would have failed in any event. Plaintiff's claim that it was forbidden from maintaining its own trademark registration because its suit to cancel a bankrupt's

---

a cancellation proceeding it is a registration, not the mark itself, that may be cancelled. Id. § 20.17[4]. Thus, if the registration, as distinguished from the mark, were not itself an independent property interest, a proceeding to cancel that registration would not violate section 362(a)(3) because cancellation of the registration would in no way affect a respondent's property interest in its mark and could not be an attempt to exercise control over or obtain possession of that property.

registration of an allegedly similar mark was stayed by the bankruptcy statute must be rejected. The filing of a Section 8 affidavit to maintain plaintiff's own registration would have constituted neither a continuation of a proceeding against CRG, nor an attempt to exercise control over or obtain possession of CRG's property. Thus, plaintiff's obligation to meet the Section 8 statutory deadline was not suspended by the automatic stay provisions of the bankruptcy code, hence that deadline was not tolled. The Commissioner's decision to reject plaintiff's Section 8 affidavit was therefore consistent with applicable law.

An Order consistent with this Memorandum Opinion granting summary judgment for defendant is being issued contemporaneously herewith.

7th January, 1994.

/s/ Thomas F. Hogan
Thomas F. Hogan
United States District Judge

UNITED STATES DEPARTMENT OF COMMERCE
PATENT AND TRADEMARK OFFICE

Re: Trademark Registration of	:	
Checkers of North America, Inc.	:	91-272
Registration No. 1,302,099	:	
Issued: October 23, 1984	:	On Petition
Cancelled: July 23, 1991	:	
For: CHECKERS	:	
Petition Filed: May 31, 1991	:	

Checkers Drive-In Restaurants of North America, Inc. has petitioned the Commissioner to accept as timely filed its declaration under Section 8 of the Act for the above-captioned registration because, at the time the Section 8 declaration was due, the registration was involved in a cancellation proceeding which was subject to a bankruptcy stay. Trademark Rule 2.146(a) (3) provides appropriate authority for the requested review.

FACTS

The above registration issued on October 23, 1984. Pursuant to Section 8 of the Trademark Act, registrant was required to file an affidavit or declaration of continued use or excusable nonuse between the fifth and sixth year after the registration date, i.e., between October 23, 1989 and October 23, 1990.

On March 29, 1988, a petition to cancel the above registration was filed by Checkers Restaurant Group, Inc. hereafter, "CRG") with the Trademark Trial and Appeal Board. The registrant, and petitioner herein, filed an answer and counterclaim for cancellation of CRG's registration. On February 16, 1990, the Trademark Trial and Appeal Board, in answer to CRG's motion, issued an order staying the cancellation proceeding pending disposition of a bankruptcy proceeding involving CRG, because CRG's registration was subject to a counterclaim.

By motion filed July 22, 1990, CRG requested resumption of the cancellation proceeding against the registrant, noting that the counterclaim for cancellation of its own registration was subject to the bankruptcy stay. In a response filed July 30, 1990, the registrant opposed the motion, arguing that any resumption of the proceeding must be ordered by the bankruptcy court. On August 29, 1990, the Trademark Trial and Appeal Board denied CRG's motion because the interests of judicial economy would not be served by going forward with only CRG's cancellation. The Board also noted that the disposition of the bankruptcy proceeding could bear on CRG's cancellation.

The petitioner did not file a Section 8 affidavit or declaration between October 23, 1989 and October 23, 1990. On December 19, 1990, following a court order terminating bankruptcy proceedings, the registrant filed a motion with the Trademark Trial and Appeal Board to lift the stay, dismiss the cancellation proceeding, and accept the attached

Section 8 declaration.[1] By order dated February 12, 1991, the trademark Trial and Appeal Board dismissed the cancellation proceeding, and forwarded the file to the Post-Registration Section for appropriate action.

By letter dated April 2, 1991, the Post-Registration Affidavit-Renewal Examiner rejected the Section 8 declaration as untimely filed. This petition was filed on May 31, 1991. The registration was cancelled on July 23, 1991 for failure to comply with Section 8 of the Act.

ANALYSIS

The petition seeks acceptance of the Section 8 declaration as timely filed. Because the petitioner has not shown that it is entitled to make such a filing, the petition is denied. Section 8 of the Act, 15 U.S.C. 1058, specifies that an affidavit of use or excusable nonuse is filed by "the registrant." Section 45, 15 U.S.C. 1127, states that the term "registrant" embraces "the legal representatives, predecessors, successors and assigns" of the registrant.

---

[1] In this document, the attorney for registrant Checkers of North America, Inc. began identifying the registrant as Checkers Drive-In Restaurants of North America, Inc. As noted below, record ownership of the registration remains with Checkers of North America, Inc. However, to avoid confusion, references hereinafter to the registrant designate Checkers Drive-In Restaurant of North America, Inc., which assumed the registrant's position in these proceedings.

The petitioner, Checkers Drive-In Restaurants of North America, Inc., asserts that it is the owner, by December 6, 1985 assignment, of the above-captioned registration. The referenced assignment, the only assignment involving the registration recorded with the Patent and Trademark Office, assigned the registration from original registrant S&A Restaurant Corp. to Checkers of North America, Inc. Further, there is no other information in the registration file which confirms that Checkers Drive-In Restaurants of North America, Inc. owns the subject registration.

Even if Checkers Drive-In Restaurants of North America, Inc. shows that it is the owner of this registration, the petition would also be denied on the merits. The petitioner argues that the bankruptcy stay of the cancellation proceeding precluded the petitioner from filing a Section 8 declaration to maintain the service mark registration. In the alternative, the petitioner argues that its pleadings submitted as part of the cancellation proceeding meet the requirement for filing under Section 8.

A. The Stay of the Cancellation Proceeding

The registrant contends that, because the Trademark Trial and Appeal Board decided that the automatic stay provisions of the bankruptcy code applied to the cancellation proceeding involving the registrant and the debtor CRG, the registrant was barred from filing its Section 8 declaration. The registrant maintains that the Section 8 filing would constitute a continuation of the cancellation proceeding, or an act to exercise control over the property of the debtor, and thus was barred by the stay. This argument is rejected.

The bankruptcy provisions upon which the registrant relies read as follows:

> [A bankruptcy] petition ... operates as a stay, applicable to all entities, of (1) the commencement or continuation of a judicial, administrative, or other action or proceeding against the debtor that was or could have been commenced before the commencement of the case under this title . . . (3) any act to obtain possession of property of the estate or of property from the estate or to exercise control over property of the estate . . .

11 U.S.C. Section 362 (a).

In its order holding that the bankruptcy stay was applicable to the cancellation proceeding, the Trademark Trial and Appeal Board specifically noted that the automatic stay provisions apply "[w]hen the debtor is the registrant and its trademark registration is the subject of a cancellation proceeding". The Trademark Trial and Appeal Board went on to hold, that the automatic stay provision was applicable in this case "since [debtor CRG'S] registration is the subject of a counterclaim".

When CRG moved to resume proceedings against the registrant on the ground that the bankruptcy stay only precluded claims asserted against the debtor, the Trademark Trial and Appeal Board did not dispute the point. Rather, the Trademark Trial and Appeal Board denied the motion because it would not serve the interests of judicial economy

to go forward with only one cancellation, and because the disposition of the bankruptcy proceeding could bear on CRG's attempt to cancel registrant's registration.

The plain import of the automatic stay law, consistent with the treatment accorded it by the Trademark Trial and Appeal Board, is to protect the debtor from proceedings and claims against its property. Whether the registrant maintained its own property with a Section 8 filing, or let the registration be cancelled for the failure to so file, is not dictated by the automatic stay provisions. Neither filing nor failing to file would continue the cancellation proceeding in violation of the stay.

Nothing in the Trademark Law or the Trademark Rules supports the registrant's argument that a Section 8 filing "is an integral part of a cancellation proceeding". To the contrary, the Trademark Rules contemplate independent and contemporaneous Section 8 filings and cancellation proceedings involving the same registration.

Trademark Rule 2.134(b), 37 C.F.R. 2.134(b), provides, in pertinent part:

> After the commencement of a cancellation proceeding, if it comes to the attention of the Trademark Trial and Appeal Board that the respondent has permitted his involved registration to be cancelled under section 8 ... an order may be issued allowing respondent until a set time, not less than fifteen days, in which to show cause why such cancellation

> ...should not result in entry of judgment against respondent...

Clearly, the rule does not require a registrant to file a Section 8 declaration in order to preserve the cancellation petitioner's ability to have the registration cancelled. Rather, the rule simply notes that the petitioner for cancellation will not be deprived of a judgment in its favor by a respondent who lets his registration lapse during a cancellation proceeding.

With regard to CRG"s cancellation, the registrant's filing under Section 8 would have maintained its registration, possibly for cancellation by CRG when the proceeding resumed. Failing to file would have resulted in entry of judgment for CRG when the cancellation proceeding resumed. In neither case would the registrant's action continue or advance the cancellation proceeding under the stay.

With regard to registrant's counterclaim for cancellation, the registration, and thus the Section 8 filing to maintain it, was unnecessary. As set forth in Section 14 of the Lanham Act, 15 U.S.C. 1064, a petition to cancel a registration may be filed "by any person who believes that he is or will be damaged by the registration of the mark". Ownership of a registration is not a prerequisite to filing or litigating a petition for cancellation of another registration. Thus, whether the registrant chose to maintain its registration by filing the Section 8 declaration was irrelevant to its ability to preserve its counterclaim against the debtor CRG.

With the finding that a Section 8 filing is independent of a cancellation proceeding involving the same registration, and thus unaffected by a bankruptcy stay of the cancellation proceeding, the registrant's other contentions may be addressed summarily. The registrant provides no legal or evidentiary support for its argument that filing under Section 8 would result in an impermissible change in the cancellation proceeding record. Rather than change, the Section 8 filing would preserve the record because the registration would maintain the same status it possessed when the stay was instituted.

The applicant's argument that the bankruptcy stay of the cancellation proceeding tolled its time for filing its Section 8 declaration lacks a basis in the law. In each case cited by the registrant, it was held that the filing of the notice of opposition before the opposer's registration became incontestable tolled the time in which the applicant could counterclaim for cancellation of the opposer's registration. Humble Oil & Refining Co. v. Sekisui Chemical Co., 165 USPQ 597, 598 n.1 (TTAB 1970); The Williamson-Dickie Mfg. Co. v. Mann Overall Co., Inc., 149 USPQ 518, 521-522 (CCPA 1966); Sunbeam Corp. v. Duro Metal Products Co., 106 USPQ 385, 386 (Comm'r of Patents 1955). "[S]ince opposer relied upon its registration and asserted rights in its mark as evidenced by its registration before expiration of the five year period, applicant should not be precluded from challenging those rights, irrespective of expiration of the five year period during the pendency of the action." Sunbeam Corp., at 386. This line of cases has no relevance here, where the registrant simply failed to maintain its registration by filing its Section 8 declaration.

The registrant's contention that Section 108 of the Bankruptcy Code, 11 U.S.C. 108, extended its time for filing a Section 8 affidavit also must be dismissed. As the registrant concedes in its petition, Section 108 gives a claimant an extension of time in which to take actions prevented by the automatic bankruptcy stay. Because the registrant was never prevented by the stay from filing its Section 8 declaration, the extension of time is inapplicable.

B. The Registrant's Other Filings

The registrant's alternate argument, that its pleadings filed in the cancellation proceeding satisfy the requirements of Section 8, is without merit. Section 8 of the Trademark Act 15 U.S.C. §1058, states, in part:

> The registration of any mark under the provisions of this Act shall be cancelled by the Commissioner at the end of 6 years following its date, unless within 1 year next preceding the expiration of such 6 years the registrant shall file in the Patent and Trademark Office an affidavit showing that said mark is in use in commerce or showing that its nonuse is due to special circumstances which excuse such nonuse and is not due to any intention to abandon the mark....

The only document filed by the registrant between the fifth and sixth year following issuance of the registration was the registrant's July 30, 1990 response to CRG's motion to resume the cancellation proceeding. This document was not

an affidavit or declaration, was not filed by the registrant but by its attorney, and made no mention of use of the mark in commerce.

No analysis of the registrant's other pleadings is necessary because none were filed in the period mandated by statute.[2] Trademark Rules 2.146(a)(5) and 2.148 permit the Commissioner to waive any requirement of the rules, not being a requirement of the statute, in an extraordinary circumstance, when justice requires and no other party is injured. However, the requirement to file an affidavit of use in commerce between the fifth and sixth year following issuance of a registration is statutory and the Commissioner has no authority to waive it. In re Kruysman, Inc., 199 USPQ 110 (Comm'r Pats. 1977); Ex Parte Radio Corporation of America, 114 USPQ 403 (Comm'r Pats. 1957).

---

[2] By its "other pleadings", the registrant apparently refers to its answer and counterclaim filed October 15, 1988. For consideration as a Section 8 declaration, a document must have been filed between October 23, 1989 and October 23, 1990.

CONCLUSION

The petition is denied because petitioner is not the owner of this registration and because a Section 8 affidavit, necessary to maintain the registration, was not timely filed; was not subject to a stay which precluded the filing; and those papers which were filed by the applicant during the relevant time period fell far short of the requirements of Section 8. The registration will remain cancelled.

Jeffrey M. Samuels
Assistant Commissioner
for Trademarks

JMS:NLO:EAD

Date: April 23, 1992

Attorney for Petitioner:

Edward A. Pennington, Esq.
Staas & Halsey
1825 K Street, N.W.
Washington, D.C. 20006